

GSV Capital Corp.  
Form 10-Q  
May 09, 2013

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**COMMISSION FILE NUMBER: 814-00852**

**GSV Capital Corp.**

(Exact name of registrant as specified in its charter)

Maryland  
(State of incorporation)

27-4443543  
(I.R.S. Employer Identification No.)

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2965 Woodside Road  
Woodside, CA  
(Address of principal executive offices)

94062  
(Zip Code)

**(650) 206-2965**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the issuer's Common Stock, \$0.01 par value, outstanding as of May 9, 2013 was 19,320,100.

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# GSV CAPITAL CORP. AND SUBSIDIARY

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## PART I: FINANCIAL INFORMATION

Item 1.

Financial Statements

### GSV CAPITAL CORP. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	March 31, 2013 (Unaudited)	December 31, 2012
<b>ASSETS</b>		
Investments at fair value:		
Investments in affiliated securities (cost of \$40,175,504 and \$38,210,753, respectively)	\$34,353,557	\$34,648,363
Investments in non-control/non-affiliated securities (cost of \$195,306,389 and \$198,936,982, respectively)	187,801,048	190,748,722
Investments in money market funds (cost of \$16,000,000 and \$16,000,000, respectively)	16,000,000	16,000,000
Total Investments (cost of \$251,481,893 and \$253,147,735, respectively)	238,154,605	241,397,085
Cash	6,818,379	11,318,525
Due from:		
GSV Asset Management	8,505	5,723
Portfolio companies	323,041	316,377
Prepaid expenses	65,741	63,953
Dividend receivable	1,477	1,920
Other assets	48,489	27,145
Total Assets	245,420,237	253,130,728
<b>LIABILITIES</b>		
Due to:		
GSV Asset Management	39,012	51,194
Accounts payable	236,359	204,093
Accrued expenses	53,320	292,640
Total Liabilities	328,691	547,927
<b>Commitments and contingencies (Note 6)</b>		
Net Assets	\$245,091,546	\$252,582,801
<b>NET ASSETS</b>		
Common stock, par value \$0.01 per share (100,000,000 authorized; 19,320,100 and 19,320,100 issued and outstanding, respectively)	\$193,201	\$193,201
Paid-in capital in excess of par	275,837,514	275,837,514
Accumulated net investment loss	(12,884,470 )	(10,316,745 )
Accumulated net realized loss on investments	(4,727,411 )	(1,380,519 )
Accumulated net unrealized depreciation on investments	(13,327,288 )	(11,750,650 )

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Net Assets	\$245,091,546	\$252,582,801
Net Asset Value Per Share	\$12.69	\$13.07

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
<b>INVESTMENT INCOME</b>		
Interest income from non-control/non-affiliated securities	\$	\$ 112,101
Dividend income	4,535	5,704
Total Investment Income	4,535	117,805
<b>OPERATING EXPENSES</b>		
Investment management fees	1,283,599	621,926
Costs incurred under administration agreement	887,984	345,594
Directors' fees	65,250	42,500
Professional fees	236,886	131,845
Insurance expense	53,013	46,669
Investor relations expense	43,562	14,250
Other expenses	1,966	9,023
Total Operating Expenses	2,572,260	1,211,807
Net Investment Loss	(2,567,725 )	(1,094,002 )
Net Realized Loss on Investments	(3,346,892 )	(256 )
Net Change in Unrealized Appreciation (Depreciation) on Investments	(1,576,638 )	1,011,195
Net Decrease in Net Assets Resulting From Operations	\$(7,491,255 )	\$(83,063 )
Net Decrease in Net Assets Resulting From Operations Per Common Share	\$(0.38 )	\$(0.01 )
Weighted Average Common Shares Outstanding	19,320,100	9,387,133

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Decrease in Net Assets Resulting From Operations		
Net Investment Loss	\$(2,567,725 )	\$(1,094,002 )
Net Realized Loss on Investments	(3,346,892 )	(256 )
Net Change in Unrealized Appreciation (Depreciation) on Investments	(1,576,638 )	1,011,195
Net Decrease in Net Assets Resulting From Operations	(7,491,255 )	(83,063 )
Capital Share Transactions		
Net Proceeds from Common Shares Issued		96,255,000
Offering Costs		(326,077 )
Net Capital Share Transactions		95,928,923
Total Increase (Decrease) in Net Assets	(7,491,255 )	95,845,860
Net Assets at Beginning of Period	252,582,801	71,503,248
Net Assets at End of Period	\$245,091,546	\$167,349,108
Capital Share Activity		
Shares Issued		6,900,000
Shares Outstanding at Beginning of Period	19,320,100	5,520,100
Shares Outstanding at End of Period	19,320,100	12,420,100

*See Notes to the Consolidated Financial Statements.*



# GSV CAPITAL CORP. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Cash Flows from Operating Activities		
Net decrease in net assets resulting from operations	\$(7,491,255 )	\$(83,063 )
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:		
Net realized loss on investments	3,346,892	256
Net change in unrealized (appreciation) depreciation on investments	1,576,638	(1,011,195 )
Purchases of investments in:		
Portfolio investments	(3,466,394 )	(10,666,649 )
United States treasury bill		(19,999,128 )
Money market funds		(10,000,000 )
Proceeds from sales of investments in:		
Portfolio investments	1,785,344	
United States treasury bill		19,998,872
Money market funds		1,000,000
Change in operating assets and liabilities:		
Due from GSV Asset Management	(2,782 )	(750 )
Due from portfolio companies	(6,664 )	(60,896 )
Accrued interest		(100,350 )
Prepaid expenses	(1,788 )	74,538
Dividend receivable	443	(1,723 )
Other assets	(21,344 )	(56,721 )
Due to GSV Asset Management	(12,182 )	(61,903 )
Due to other affiliates		(5,113 )
Accounts payable	32,266	47,987
Accrued expenses	(239,320 )	2,264
Net Cash Used in Operating Activities	(4,500,146 )	(20,923,574 )
Cash Flows from Financing Activities		
Net proceeds from common shares issued		96,255,000
Offering costs		(326,077 )
Net Cash Provided by Financing Activities		95,928,923
Total Increase (Decrease) in Cash Balance	(4,500,146 )	75,005,349
Cash Balance at Beginning of Period	11,318,525	385,995
Cash Balance at End of Period	\$6,818,379	\$75,391,344
Non-Cash Operating Items		
Structured notes converted to preferred shares	\$	\$674,651
Warrants exercised for preferred shares	\$	\$53,665

Non-Cash Financing Items

Increase in deferred offering costs	\$	\$ (62,536	)
Increase in accounts payable	\$	\$ 62,536	

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY CONSOLIDATED SCHEDULE OF INVESTMENTS March 31, 2013 (Unaudited)

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Twitter, Inc.</u>					
San Francisco, CA					
Common shares	Social Communication	1,835,600	\$31,755,821	\$34,013,669	13.88 %
Preferred shares, Series A		65,000	1,235,290	1,204,450	0.49 %
Total			32,991,111	35,218,119	14.37 %
<u>Palantir Technologies, Inc.</u>					
Palo Alto, CA					
Common shares, Class A	Cyber Security	7,145,690	20,051,479	19,650,648	8.02 %
Preferred shares, Series G		326,797	1,008,968	973,855	0.40 %
Total			21,060,447	20,624,503	8.42 %
<u>Dropbox, Inc.</u>					
San Francisco, CA					
Common share	Online Storage	760,000	8,641,153	8,674,133	3.54 %
Preferred shares, Series A-1		552,486	5,015,333	6,305,707	2.57 %
Total			13,656,486	14,979,840	6.11 %
<u>Chegg, Inc.</u>					
Santa Clara, CA					
Common shares	Textbook Rental	1,274,193	10,012,543	9,763,275	3.98 %
Preferred shares, Series F		500,000	4,008,654	4,431,600	1.81 %
Total			14,021,197	14,194,875	5.79 %
<u>Violin Memory, Inc.</u>					
Mountain View, CA					
Preferred shares, Series B	Flash Memory	800,000	4,800,798	4,189,312	1.71 %
Preferred shares, Series D		1,666,666	10,018,370	9,999,996	4.08 %
Total			14,819,168	14,189,308	5.79 %
<u>2U, Inc. (f/k/a 2tor, Inc.)</u>					
Landover, MD					
Common shares	Online Education	1,151,802	8,757,599	8,963,899	3.66 %
Preferred shares, Series A		167,431	1,273,125	1,303,032	0.53 %
Total			10,030,724	10,266,931	4.19 %
<u>Avenues World Holdings LLC<sup>(3)</sup></u>					
New York, NY					
Preferred shares, Class A-1	Globally-focused Private School	5,000,000	10,026,005	10,037,500	4.10 %
<u>Solexel, Inc.</u>					
Milpitas, CA					
Preferred shares, Series C	Solar Power	4,576,659	10,016,559	10,000,000	4.08 %
<u>Kno, Inc.</u>					
Santa Clara, CA					
Preferred shares, Series C	Digital Textbooks	440,313	2,262,006	2,249,999	0.92 %
Preferred shares, Series C-1		1	7,510,334	7,500,000	3.06 %

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Common shares		50,000	214,681	162,025	0.07 %
Total			9,987,021	9,912,024	4.05 %
<u>Facebook, Inc.</u> <sup>(8)</sup>	Menlo Park, CA				
Common shares, Class B	Social Networking	350,000	10,472,294	8,953,000	3.65 %
<u>Control4 Corporation</u>	Salt Lake City, UT				
Common shares	Home Automation	4,070,667	7,011,025	7,261,052	2.96 %
<u>SugarCRM, Inc.</u>	Cupertino, CA				
Common shares	Customer Relationship	1,086,047	3,813,378	3,801,165	1.55 %
Preferred shares, Series E	Manager				
Total		373,134	1,500,247	1,499,999	0.61 %
			5,313,625	5,301,164	2.16 %

*See Notes to the Consolidated Financial Statements.*

**GSV CAPITAL CORP. AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF INVESTMENTS  
(continued)  
March 31, 2013  
(Unaudited)**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Totus Solutions, Inc.</u> <sup>(2)</sup>	Carrollton, TX				
Common shares	LED Lighting	20,000,000	\$5,023,748	\$3,960,000	1.62 %
<u>Grocket, Inc.</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series D	Online Test Preparation	2,728,252	2,005,945	2,247,398	0.92 %
Preferred shares, Series E		1,731,501	1,503,670	1,499,999	0.61 %
Total			3,509,615	3,747,397	1.53 %
<u>StormWind, LLC</u> <sup>(2)(5)</sup>	Scottsdale, AZ				
Preferred shares, Series B	Interactive Learning Platform	3,279,629	2,019,687	3,552,931	1.45 %
<u>Bloom Energy Corporation</u>	Sunnyvale, CA				
Common shares	Fuel Cell Energy	201,589	3,855,601	3,408,870	1.39 %
<u>Fullbridge, Inc.</u> <sup>(2)</sup>	Cambridge, MA				
Preferred shares, Series C	Business Education	1,728,724	3,260,465	3,250,001	1.33 %
<u>Spotify Technology S.A.</u> <sup>(8)</sup>	Stockholm, Sweden				
Common shares	Music Streaming Service	3,658	3,598,472	3,164,575	1.29 %
<u>Gilt Groupe, Inc.</u>	New York, NY				
Common shares	e-Commerce Flash Sales	248,600	6,594,346	3,115,269	1.27 %
<u>ZocDoc Inc.</u>	New York, NY				
Preferred shares, Series A	Online Medical Scheduling	200,000	3,563,178	3,100,000	1.26 %
<u>Global Education Learning (Holdings) Ltd.</u> <sup>(2)(8)</sup>	Hong Kong				
Preferred shares, Series A	Education Technology	1,472,175	2,999,998	3,076,110	1.26 %
<u>Parchment, Inc.</u>	Scottsdale, AZ				
Preferred shares, Series D	E-Transcript Exchange	2,400,384	3,000,000	3,036,486	1.24 %
<u>Whittle Schools, LLC</u> <sup>(2)(4)</sup>	New York, NY				
Preferred shares, Series B	Globally-focused Private School	3,000,000	3,000,000	3,000,000	1.22 %
<u>CUX, Inc. (d/b/a CorpU)</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series C	Corporate Education	246,305	2,006,077	1,999,997	0.82 %
Preferred shares, Series C-1		50,960	519,989	517,244	0.21 %

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Total			2,526,066	2,517,241	1.03 %
<u>SharesPost, Inc.</u>	San Bruno, CA				
Preferred shares, Series B	Online Marketplace (Finance)	1,771,653	2,257,984	2,232,283	0.91 %
Common warrants, \$0.13 strike price, expire 6/15/2018		770,934	23,128	146,477	0.06 %
Total			2,281,112	2,378,760	0.97 %
<u>TrueCar, Inc.</u>	Santa Monica, CA				
Common shares	Online Marketplace (Cars)	377,358	2,014,863	2,307,922	0.94 %

*See Notes to the Consolidated Financial Statements.*

**GSV CAPITAL CORP. AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF INVESTMENTS  
(continued)  
March 31, 2013  
(Unaudited)**

Portfolio Investments*	Headquarters/ Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Maven Research, Inc.</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series B	Knowledge Networks	49,505	\$217,206	\$293,713	0.12%
Preferred shares, Series C		318,979	1,999,998	1,892,501	0.77%
Total			2,217,204	2,186,214	0.89%
<u>Dailybreak, Inc.</u> <sup>(2)</sup>	Boston, MA				
Preferred shares, Series A-1	Social Advertising	1,545,181	2,000,000	2,097,583	0.86%
<u>Dataminr, Inc.</u>	New York, NY				
Preferred shares, Series B	Social Media Analytics	904,977	2,060,791	2,036,198	0.83%
<u>The Echo System Corp.</u> <sup>(1)(2)</sup>	New York, NY				
Preferred shares, Series A	Social Analytics	512,365	1,436,404	1,607,545	0.66%
Preferred warrants, \$0.20 strike price, expire 11/14/2016		68,359	75,988	60,156	0.02%
Total			1,512,392	1,667,701	0.68%
<u>Silver Spring Networks, Inc.</u> <sup>(9)</sup>	Redwood City, CA				
Common shares	Smart Grid	102,028	5,145,271	1,591,331	0.65%
<u>AltEgo, LLC</u> <sup>(2)(6)</sup>	Santa Monica, CA				
Preferred shares, Series B-2	Social Media Customer Acquisition Platform	1,400,000	1,420,406	1,194,200	0.49%
<u>S3 Digital Corp. (d/b/a S3i)</u> <sup>(2)</sup>	New York, NY				
Preferred shares, Class A1	Sports Analytics	1,033,452	989,058	1,050,504	0.43%
Preferred warrants, \$1.00 strike price, expire 11/21/2017		500,000	31,354		%
Total			1,020,412	1,050,504	0.43%
<u>NestGSV, Inc.</u> <sup>(2)</sup>	Redwood City, CA				
Preferred shares, Series A	Incubator	1,000,000	1,021,778	976,000	0.40%
<u>The rSmart Group, Inc.</u>	Scottsdale, AZ				
Preferred shares, Series B	Higher Education Learning Platform	1,201,923	1,266,940	911,058	0.37%
<u>DreamBox Learning, Inc.</u>	Bellevue, WA				
Preferred shares, Series A		3,579,610	758,017	787,514	0.32%

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	Education				
	Technology				
<u>AlwaysOn, Inc.</u> <sup>(1)(2)</sup>	Woodside, CA				
Preferred shares, Series A	Social Media	1,066,626	1,027,391	203,011	0.08%
Preferred shares, Series A-1		2,101,612	416,706	400,000	0.16%
Total			1,444,097	603,011	0.24%
<u>Ozy Media, Inc.</u>	Mountain View, CA				
Preferred shares, Series Seed	Social Media	500,000	500,000	512,250	0.21%
<u>Starfish Holdings, Inc. (d/b/a YourOffers)</u> <sup>(2)</sup>	Beverly Hills, CA				
Preferred shares, Series A, and common warrants, \$0.00001 strike price, expire 11/13/2019	Marketing Platform	43,878,894	2,029,695	500,000	0.20%

*See Notes to the Consolidated Financial Statements.*



**GSV CAPITAL CORP. AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF INVESTMENTS  
(continued)  
March 31, 2013  
(Unaudited)**

Portfolio Investments*	Headquarters/ Industry	Shares/Capital Contribution	Cost	Fair Value	% of Net Assets
<u>NestGSV Silicon Valley, LLC</u> <sup>(2)(7)</sup>	Redwood City, CA				
Common membership interest	Incubator	\$ 500,000	\$500,000	\$500,000	0.20 %
<u>SinoLending Ltd.</u> <sup>(2)(8)</sup>	Shanghai, China				
Preferred shares, Class A	Chinese P2P Lending	6,414,368	501,998	474,663	0.19 %
<u>NewZoom, Inc.</u> (d/b/a ZoomSystems)	San Francisco, CA				
Preferred shares, Series A	Smart e-tail (Retail)	1,250,000	260,476	262,500	0.12 %
<u>Neuron Fuel, Inc.</u>	San Jose, CA				
Preferred shares, Series AAI	Computer Software	250,000	262,530	250,000	0.10 %
<u>Serious Energy, Inc.</u> <sup>(8)</sup>	Sunnyvale, CA				
Common shares	Green Materials	178,095	739,130		%
<u>Top Hat 430, Inc.</u> <sup>(2)(8)(10)</sup>	Shakopee, MN				
Preferred shares, Series A	Jewelry Retailing Technology	1,844,444	4,167,943		%
Preferred warrants, \$2.25 strike price, expire 11/2/2017		13,333			%
Total			4,167,943		%
Total Portfolio Investments			235,481,893	222,154,605	90.65 %
<u>Money Market Funds</u> <sup>(1)</sup>					
Fidelity Institutional Money Market Funds					
Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.26 %
Prime Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.26 %
Total Money Market Funds			16,000,000	16,000,000	6.52 %
Total Investments			\$251,481,893	\$238,154,605	97.17 %

\*

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All portfolio investments are non-control/non-affiliated and non-income producing, unless identified. Equity investments are subject to lock-up restrictions upon their initial public offering.

(1) Investment is income producing.

(2) Denotes an Affiliate Investment. Affiliate Investments are investments in those companies that are Affiliated Companies of GSV Capital Corp., as defined in the Investment Company Act of 1940. A company is deemed to be an Affiliate of GSV Capital Corp. if GSV Capital Corp. owns 5% or more of the voting securities of such company.

(3) GSV Capital Corp. s investment in Avenues World Holdings LLC is held through its wholly-owned subsidiary GSVC AV Holdings, Inc.

(4) GSV Capital Corp. s investment in Whittle Schools, LLC is held through its wholly-owned subsidiary GSVC WS Holdings, Inc.

(5) GSV Capital Corp. s investment in StormWind, LLC is held through its wholly-owned subsidiary GSVC SW Holdings, Inc.

(6) GSV Capital Corp. s investment in AltEgo, LLC is held through its wholly-owned subsidiary GSVC AE Holdings, Inc.

(7) GSV Capital Corp. s investment in NestGSV Silicon Valley, LLC is held through its wholly-owned subsidiary GSVC NG Holdings, Inc.

(8) Indicates assets that GSV Capital Corp. believes do not represent qualifying assets under Section 55(a)

*See Notes to the Consolidated Financial Statements.*

of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of GSV Capital Corp. s total assets at the time of acquisition of any additional non-qualifying assets.

(9) On March 12, 2013, Silver Spring Networks, Inc. priced its initial public offering, selling 4,750,000 shares at a price of \$17 per share. GSV Capital Corp. s shares in Silver Spring Networks, Inc. are subject to a lock-up agreement that expires on September 8, 2013. At March 31, 2013, GSV Capital Corp. valued Silver Spring Networks, Inc. based on its March 31, 2013 closing price.

(10) On March 25, 2013, Top Hat 430, Inc. filed for Chapter 7 bankruptcy after filing for Chapter 11 bankruptcy in February 2013 and failing to reach a reorganization agreement.

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2012

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Twitter, Inc.</u>					
	San Francisco, CA				
Common shares	Social Communication	1,835,600	\$31,755,821	\$34,876,400	13.81 %
Preferred shares, Series A		65,000	1,235,290	1,235,000	0.49 %
Total			32,991,111	36,111,400	14.30 %
<u>Palantir Technologies, Inc.</u>					
	Palo Alto, CA				
Common shares, Class A	Cyber Security	7,145,690	20,051,479	20,150,846	7.98 %
Preferred shares, Series G		326,797	1,008,968	921,568	0.36 %
Total			21,060,447	21,072,414	8.34 %
<u>Violin Memory, Inc.</u>					
	Mountain View, CA				
Preferred shares, Series B	Flash Memory	800,000	4,800,798	4,800,000	1.90 %
Preferred shares, Series D		1,666,666	10,018,045	9,999,996	3.96 %
Total			14,818,843	14,799,996	5.86 %
<u>Dropbox, Inc.</u>					
	San Francisco, CA				
Common share	Online Storage	760,000	8,641,153	8,360,000	3.31 %
Preferred shares, Series A-1		552,486	5,015,333	6,077,346	2.41 %
Total			13,656,486	14,437,346	5.72 %
<u>Chegg, Inc.</u>					
	Santa Clara, CA				
Common shares	Textbook Rental	1,274,193	10,012,543	10,193,544	4.03 %
Preferred shares, Series F		500,000	4,008,654	4,000,000	1.58 %
Total			14,021,197	14,193,544	5.61 %
<u>Avenues World Holdings LLC<sup>(5)</sup></u>					
	New York, NY				
Preferred shares, Class A-1	Globally-focused Private School	5,000,000	10,025,123	10,000,000	3.96 %
<u>Solexel, Inc.</u>					
	Milpitas, CA				
Preferred shares, Series C	Solar Power	4,576,659	10,016,559	10,000,000	3.96 %
<u>2U, Inc. (f/k/a 2tor, Inc.)</u>					
	Landover, MD				
Common shares	Online Education	1,151,802	8,757,599	8,730,659	3.46 %
Preferred shares, Series A		167,431	1,273,125	1,269,127	0.50 %
Total			10,030,724	9,999,786	3.96 %
<u>Kno, Inc.</u>					
	Santa Clara, CA				
Preferred shares, Series C	Digital Textbooks	440,313	2,262,006	2,249,999	0.89 %
Preferred shares, Series C-1		1	7,510,334	7,500,000	2.97 %
Common shares		50,000	214,681	178,850	0.07 %

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Total			9,987,021	9,928,849	3.93 %
<u>Facebook, Inc.</u> <sup>(3)(10)</sup>	Menlo Park, CA				
Common shares, Class B	Social Networking	350,000	10,472,294	9,317,000	3.69 %
<u>Control4 Corporation</u>	Salt Lake City, UT				
Common shares	Home Automation	4,070,667	7,011,025	7,123,667	2.82 %
<u>Totus Solutions, Inc.</u> <sup>(2)</sup>	Carrollton, TX				
Common shares	LED Lighting	20,000,000	5,023,748	5,000,000	1.98 %

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY CONSOLIDATED SCHEDULE OF INVESTMENTS (continued) December 31, 2012

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Grokit, Inc.</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series D	Online Test Preparation	2,728,252	\$ 2,005,945	\$ 2,373,579	0.94 %
Preferred shares, Series E		1,731,501	1,503,670	1,506,406	0.60 %
Total			3,509,615	3,879,985	1.54 %
<u>SugarCRM, Inc.</u>	Cupertino, CA				
Common shares	Customer Relationship Manager	1,086,047	3,813,378	3,801,165	1.50 %
<u>Gilt Groupe, Inc.</u>	New York, NY				
Common shares	e-Commerce Flash Sales	248,600	6,594,346	3,637,329	1.44 %
<u>Spotify Technology S.A.</u> <sup>(10)</sup>	Stockholm, Sweden				
Common shares	Music Streaming Service	3,658	3,598,472	3,589,669	1.42 %
<u>ZocDoc Inc.</u>	New York, NY				
Preferred shares, Series A	Online Medical Scheduling	200,000	3,563,178	3,500,000	1.38 %
<u>Bloom Energy Corporation</u>	Sunnyvale, CA				
Common shares	Fuel Cell Energy	201,589	3,855,601	3,225,424	1.28 %
<u>Global Education Learning (Holdings) Ltd.</u> <sup>(2)(10)</sup>	Hong Kong				
Preferred shares, Series A	Education Technology	1,472,175	2,999,998	3,003,237	1.19 %
<u>Parchment, Inc.</u>	Scottsdale, AZ				
Preferred shares, Series D	E-Transcript Exchange	2,400,384	3,000,000	3,000,480	1.19 %
<u>Whittle Schools, LLC</u> <sup>(2)(6)</sup>	New York, NY				
Preferred shares, Series B	Globally-focused Private School	3,000,000	3,000,000	3,000,000	1.19 %
<u>StormWind, LLC</u> <sup>(2)(7)</sup>	Scottsdale, AZ				
Preferred shares, Series B	Interactive Learning Platform	3,279,629	2,019,687	2,545,812	1.01 %
<u>SharesPost, Inc.</u>	San Bruno, CA				
Preferred shares, Series B	Online Marketplace (Finance)	1,771,653	2,257,984	2,249,999	0.89 %
Common warrants, \$0.13		770,934	23,128	123,349	0.05 %

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strike price, expire  
6/15/2018

Total			2,281,112	2,373,348	0.94%
<u>Maven Research, Inc.</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series B	Knowledge Networks	49,505	217,206	310,396	0.12%
Preferred shares, Series C		318,979	1,999,998	1,999,998	0.79%
Total			2,217,204	2,310,394	0.91%

*See Notes to the Consolidated Financial Statements.*

**GSV CAPITAL CORP. AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF INVESTMENTS  
(continued)  
December 31, 2012**

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Fullbridge, Inc.</u> <sup>(2)</sup>	Cambridge, MA				
Preferred shares, Series C	Business Education	1,196,809	\$ 2,250,001	\$ 2,250,001	0.89%
<u>Starfish Holdings, Inc. (d/b/a YourOffers)</u> <sup>(2)</sup>	Beverly Hills, CA				
Preferred shares, Series A, and common warrants, \$0.00001 strike price, expire 11/13/2019	Marketing Platform	43,878,894	2,012,103	2,193,945	0.87%
<u>TrueCar, Inc.</u>	Santa Monica, CA				
Common shares	Online Marketplace (Cars)	377,358	2,014,863	2,011,318	0.79%
<u>Dataminr, Inc.</u>	New York, NY				
Preferred shares, Series B	Social Media Analytics	904,977	2,060,602	1,999,999	0.79%
<u>CUX, Inc. (d/b/a CorpU)</u> <sup>(2)</sup>	San Francisco, CA				
Preferred shares, Series C	Corporate Education	246,305	2,006,077	1,999,997	0.79%
<u>Dailybreak, Inc.</u> <sup>(2)</sup>	Boston, MA				
Preferred shares, Series A-1	Social Advertising	1,545,181	2,000,000	1,993,283	0.79%
<u>Silver Spring Networks, Inc.</u>	Redwood City, CA				
Common shares <sup>(11)</sup>	Smart Grid	510,143	5,145,271	1,976,804	0.78%
<u>The Echo System Corp.</u> <sup>(1)(2)</sup>	New York, NY				
Preferred shares, Series A	Social Analytics	512,365	1,436,404	1,639,568	0.65%
Preferred warrants, \$0.20 strike price, expire 11/14/2016		68,359	75,988	68,359	0.03%
Total			1,512,392	1,707,927	0.68%

*See Notes to the Consolidated Financial Statements.*



# GSV CAPITAL CORP. AND SUBSIDIARY CONSOLIDATED SCHEDULE OF INVESTMENTS (continued) December 31, 2012

Portfolio Investments*	Headquarters/Industry	Shares/Capital Contribution	Cost	Fair Value	% of Net Assets
<u>AltEgo, LLC</u> <sup>(2)(8)</sup>	Santa Monica, CA Social Media				
Preferred shares, Series B-2	Customer Acquisition Platform	1,400,000	\$ 1,420,406	\$ 1,400,000	0.55 %
<u>Zynga, Inc.</u> <sup>(10)</sup>	San Francisco, CA				
Common shares	Social Gaming	533,333	3,003,462	1,258,666	0.50 %
<u>The rSmart Group, Inc.</u>	Scottsdale, AZ				
Preferred shares, Series B	Higher Education Learning Platform	1,201,923	1,266,940	1,250,000	0.49 %
<u>S3 Digital Corp.</u> <u>(d/b/a S3i)</u> <sup>(2)</sup>	New York, NY				
Preferred shares, Class A1	Sports Analytics	1,033,452	989,058	1,033,452	0.41 %
Preferred warrants, \$1.00 strike price, expire 11/21/2017		500,000	31,354	31,354	0.01 %
Total			1,020,412	1,064,806	0.42 %
<u>NestGSV, Inc.</u> <sup>(2)</sup>	Redwood City, CA				
Preferred shares, Series A	Incubator	1,000,000	1,021,778	1,000,000	0.40 %
<u>DreamBox Learning, Inc.</u>	Bellevue, WA				
Preferred shares, Series A	Education Technology	3,579,610	758,017	751,718	0.30 %
<u>SinoLending Ltd.</u> <sup>(2)(10)</sup>	Shanghai, China				
Preferred shares, Class A	Chinese P2P Lending	6,414,368	501,998	500,321	0.20 %
<u>Ozy Media, Inc.</u>	Mountain View, CA				
Preferred shares, Series Seed	Social Media	500,000	500,000	500,000	0.20 %
<u>NestGSV Silicon Valley LLC</u> <sup>(2)(9)</sup>	Redwood City, CA				
Common membership interest	Incubator	\$ 500,000	500,000	500,000	0.20 %
<u>Groupon, Inc.</u> <sup>(4)(10)</sup>	Chicago, IL				
Common shares	Online Deals	80,000	2,128,774	388,800	0.15 %
<u>AlwaysOn, Inc.</u> <sup>(1)(2)</sup>	Woodside, CA				
Preferred shares, Series A	Social Media	1,066,626	1,027,391	298,655	0.12 %
<u>NewZoom, Inc.</u>	San Francisco, CA				

(d/b/a ZoomSystems)

Preferred shares, Series A	Smart e-tail (Retail)	1,250,000	260,476	250,000	0.10%
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*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY CONSOLIDATED SCHEDULE OF INVESTMENTS (continued) December 31, 2012

Portfolio Investments*	Headquarters/Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Neuron Fuel, Inc.</u>	San Jose, CA				
Preferred shares, Series AAI	Computer Software	250,000	\$262,530	\$250,000	0.10 %
<u>Serious Energy, Inc.</u> <sup>(10)</sup>	Sunnyvale, CA				
Common shares	Green Materials	178,095	739,130		%
<u>Top Hat 430, Inc.</u> <sup>(2)(10)</sup>	Shakopee, MN				
Preferred shares, Series A	Jewelry Retailing Technology	1,844,444	4,167,943		%
Preferred warrants, \$2.25 strike price, expire 11/2/2017		13,333			%
Total			4,167,943		%
Total Portfolio Investments			237,147,735	225,397,085	89.23 %
<u>Money Market Funds</u> <sup>(1)</sup>					
Fidelity Institutional Money Market Funds					
Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.17 %
Prime Money Market Portfolio		8,000,000	8,000,000	8,000,000	3.17 %
Total Money Market Funds			16,000,000	16,000,000	6.34 %
Total Investments			\$253,147,735	\$241,397,085	95.57 %

\* All portfolio investments are non-control/non-affiliated and non-income producing, unless identified. Equity investments are subject to lock-up restrictions upon their initial public offering.

(1) Investment is income producing.

(2) Denotes an Affiliate Investment. Affiliate Investments are investments in those companies that are Affiliated Companies of GSV Capital Corp., as defined in the Investment Company Act of 1940. A company is deemed to be an Affiliate of GSV Capital Corp. if GSV Capital Corp. owns 5% or more of the voting securities of such company.

(3) On May 17, 2012, Facebook, Inc. priced its initial public offering, selling 421,233,615 shares at a price of \$38.00 per share. GSV Capital Corp. s shares in Facebook, Inc. are subject to a lock-up agreement that expired on November 14, 2012. At December 31, 2012, GSV Capital Corp. valued Facebook based on its December 31, 2012 closing price.

(4) On November 8, 2011, Groupon, Inc. priced its initial public offering, selling 35,000,000 shares at a price of \$20.00 per share. GSV Capital Corp. s shares in Groupon, Inc. are subject to a lock-up agreement that expired on June 1, 2012. At December 31, 2012, GSV Capital Corp. valued Groupon, Inc. based on its December 31, 2012

closing price.

- (5) GSV Capital Corp. s investment in Avenues World Holdings LLC is held through its wholly-owned subsidiary GSVC AV Holdings, Inc.
  - (6) GSV Capital Corp. s investment in Whittle Schools, LLC is held through its wholly-owned subsidiary GSVC WS Holdings, Inc.
  - (7) GSV Capital Corp. s investment in StormWind, LLC is held through its wholly-owned subsidiary GSVC SW Holdings, Inc.
  - (8) GSV Capital Corp. s investment in AltEgo, LLC is held through its wholly-owned subsidiary GSVC AE Holdings, Inc.
  - (9) GSV Capital Corp. s investment in NestGSV Silicon Valley, LLC is held through its wholly-owned subsidiary GSVC NG Holdings, Inc.
- Indicates assets that GSV Capital Corp. believes do not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of GSV Capital Corp. s total assets at the time of acquisition of any additional non-qualifying assets.
- (10)
  - (11) On February 11, 2013, Silver Spring Networks, Inc. conducted a five-for-one reverse stock split of its common stock, which has not been reflected above.

*See Notes to the Consolidated Financial Statements.*

# GSV CAPITAL CORP. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2013 (Unaudited)

### NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

GSV Capital Corp. (the Company, we, our or GSV Capital) was formed in September 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. The Company has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the 1940 Act). The Company is managed by GSV Asset Management, LLC (GSV Asset Management).

The Company's date of inception is January 6, 2011, which is the date it commenced its development stage activities. The Company's shares are currently listed on the NASDAQ Capital Market under the symbol GSVC. The Company began its investment operations during the second quarter.

On April 13, 2012, the Company formed a wholly-owned subsidiary, GSV Capital Lending, LLC (GCL), a Delaware limited liability company, which will originate portfolio loan investments within the state of California. An application for a California lender license was submitted by GCL to the California Department of Corporations and GCL is awaiting receipt of its license from the State.

On November 28, 2012, the Company formed wholly-owned subsidiaries, GSVC AE Holdings, Inc. (GAE), GSVC AV Holdings, Inc. (GAV), GSVC NG Holdings, Inc. (GNG), GSVC SW Holdings, Inc. (GSW) and GSVC WS Holdings, Inc. (GWS) (collectively the GSVC Holdings), all Delaware corporations, to hold portfolio investments.

The Company's investment objective is to maximize our portfolio's total return, principally by seeking capital gains on our equity investments. The Company invests principally in the equity securities of venture capital-backed and rapidly growing emerging companies. The Company may also invest on an opportunistic basis in select publicly-traded equity securities of rapidly growing companies that otherwise meet its investment criteria.

On February 10, 2012, the Company priced a subsequent follow-on equity offering, selling 6,900,000 of common shares at a price of \$15.00 per share, including an exercise in full by the underwriters of their option to purchase an additional 900,000 shares of common stock to cover overallotments. The follow-on equity offering resulted in net proceeds to the Company of approximately \$96.2 million.

On May 11, 2012, the Company priced an additional follow-on equity offering, selling 6,900,000 of common shares at a price of \$16.25 per share, including an exercise in full by the underwriters of their option to purchase an additional

900,000 shares of common stock to cover overallocments. The follow-on equity offering resulted in net proceeds to the Company of approximately \$105.4 million.

## **Summary of Significant Accounting Policies**

### **Basis of Presentation**

The interim consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments, all of which were of a normal recurring nature, considered necessary for the fair presentation of financial statements for the interim period have been included. The results of operations for the current period are not necessarily indicative of results that ultimately may be achieved for any other interim period or for the year ending December 31, 2013. The interim unaudited consolidated financial statements and notes hereto should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

In accordance with Regulation S-X under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, the Company does not consolidate portfolio company investments. The Company has not consolidated the GSVC Holdings which hold portfolio investments.

## Basis of Consolidation

Under Article 6 of Regulation S-X and the American Institute of Certified Public Accountants Audit and Accounting Guide for Investment Companies, we are precluded from consolidating any entity other than another investment company or a controlled operating company which provides substantially all of its services and benefits to us. Accordingly, our financial statements include our accounts and the accounts of GCL, our wholly-owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

## Use of Estimates

The preparation of consolidated financial statements requires the Company to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the consolidated financial statements and the reported amounts of certain revenues and expenses during the reported period. It is likely that changes in these estimates will occur in the near term. Our estimates are inherently subjective in nature and actual results could differ from our estimates and the differences could be material.

## Investments

The Company applies fair value accounting in accordance with GAAP. The Company generally values its assets on a quarterly basis, or more frequently if required under the 1940 Act. Securities for which market quotations are readily available on an exchange are valued at the closing price of such security on the valuation date; however, if they remain subject to lock-up restrictions they are discounted accordingly. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, the Company determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined adequate, the Company uses the quote obtained.

Securities for which reliable market quotations are not readily available or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of GSV Asset Management, the Board or the Valuation Committee of the Board (the Valuation Committee), does not represent fair value, shall each be valued as follows:

1. The quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment;
2. Preliminary valuation conclusions are then documented and discussed with GSV Asset Management senior management;
3. An independent third-party valuation firm is engaged by, or on behalf of, the Valuation Committee to conduct independent appraisals and review management's preliminary valuations and make their own independent assessment, for all material investments;
4. The Valuation Committee discusses valuations and recommends the fair value of each investment in the portfolio in good faith based on the input of GSV Asset Management and the independent third-party valuation firm; and,
5. The Board then discusses the valuations and determines in good faith the fair value of each investment in the portfolio based upon input of GSV Asset Management, estimates from the independent valuation firm and the recommendations of the Valuation Committee.

In making our good faith determination of the fair value of investments, we consider valuation methodologies consistent with industry practice. Valuation methods, among other measures and as applicable, may include comparisons to prices from secondary market transactions and recent venture capital financings, analysis of financial ratios and valuation metrics of the portfolio companies that issued such private equity securities to peer companies that are public, analysis of the portfolio companies' most recent financial



statements and forecasts, and the markets in which the portfolio company does business, and other relevant factors. The Company assigns a weighting based upon the relevance of each factor to determine the fair value of each investment.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

**Level 1.** Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access (examples include active exchange-traded equity securities, exchange-traded derivatives, and most U.S. Government and agency securities).

**Level 2.** Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and,
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

**Level 3.** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain of our private equity investments).

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore gains and losses for such assets and liabilities categorized within the Level 3 table set forth in Note 3 may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur.



## Valuation of Financial Instruments

The carrying amounts of our financial instruments, consisting of cash, receivables, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

## Securities Transactions

Securities transactions are accounted for on the date the transaction for the purchase or sale of the securities is entered into by the Company (i.e., trade date). Securities transactions outside conventional channels, such as private transactions, are recorded as of the date the Company obtains the right to demand the securities purchased or to collect the proceeds from a sale, and incurs an obligation to pay for securities purchased or to deliver securities sold, respectively.

## Portfolio Company Investment Classification

We are a non-diversified company within the meaning of the 1940 Act. We classify our investments by level of control. As defined in the 1940 Act, control investments are those where there is the power to exercise a controlling influence over the management or policies of a company. Control is generally deemed to exist when a company or individual directly or indirectly owns beneficially more than 25% of the voting securities of an investee company. Affiliated investments and affiliated companies are defined by a lesser degree of influence and are deemed to exist when a company or individual directly or indirectly owns, controls or holds the power to vote 5% or more of the outstanding voting securities of another person.

## Cash

The Company places its cash with U.S. Bank, N.A. and First Republic Bank, N.A., and at times, cash held in these accounts may exceed the Federal Deposit Insurance Corporation insured limit. The Company may invest a portion of its cash in money market funds, within limitations of the 1940 Act.

## Revenue Recognition

The Company's revenue recognition policies are as follows:

*Sales:* Gains or losses on the sale of investments are determined using the specific identification method.

*Interest:* Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis.

*Dividends:* Dividend income is recognized on the ex-dividend date.

## Investment Transaction Costs and Escrow Deposits

Commissions and other costs associated with an investment transaction, including legal expenses not reimbursed by the issuer, are included in the cost basis of purchases and deducted from the proceeds of sales. The Company makes certain acquisitions on the secondary markets which may involve making deposits to escrow accounts until certain conditions are met including the underlying private company's right of first refusal. If the underlying private company does not exercise or assign its right of first refusal and all other conditions are met, then the funds in the escrow

account are delivered to the seller and the account is closed. These transactions are reflected on the Consolidated Statement of Assets and Liabilities as Escrow deposits. At March 31, 2013 and December 31, 2012, the Company had \$0 in Escrow deposits.

## **Unrealized Appreciation or Depreciation on Investments**

Unrealized appreciation or depreciation is calculated as the difference between the fair value of the investment and the cost basis of such investment.

## **U.S. Federal and State Income Taxes**

The Company was taxed as a regular corporation (a C corporation ) under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2012 taxable year. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the

consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. Certain tax attributes may be subject to limitations on timing and usage. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Beginning with its 2013 taxable year, the Company may elect to be treated as a regulated investment company ( RIC ) under subchapter M of the Internal Revenue Code of 1986, as amended (the Code ), if management determines that it is in the best interests of the Company to do so and the Company is able to satisfy the requirements under subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year, and meet certain asset diversification requirements on a quarterly basis. So long as the Company qualifies and maintains its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company. Although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the more-likely-than-not threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof.

## Offering Costs

Offering costs include legal fees and other costs pertaining to the public offerings. As of March 31, 2013 there were no deferred offering costs. As of December 31, 2012, \$738,697 of offering costs were offset against capital proceeds from the secondary offerings on May 11, 2012 and February 10, 2012.

## Per Share Information

Basic and diluted earnings (loss) per common share is calculated using the weighted average number of shares outstanding for the period presented.

## Capital Accounts

Certain capital accounts including undistributed net investment income, accumulated net realized gain or loss, net unrealized appreciation or depreciation, and paid-in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP. GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on the net assets or net asset value per share and are intended to enable the Company's stockholders to determine the amount of accumulated and undistributed earnings they potentially could receive in the future and on which they could be taxed.

## Recently Adopted Accounting Standards

In May 2011, the Financial Accounting Standards Board ( FASB ) issued guidance clarifying how to measure and disclose fair value. This guidance amends the application of the highest and best use concept to be used only in the measurement of fair value of nonfinancial assets, clarifies that the measurement of the fair value of equity-classified financial instruments should be performed from the perspective of a market participant who holds the instrument as an asset, clarifies that an entity that manages a group of financial assets and liabilities on the basis of its net risk exposure can measure those financial instruments on the basis of its net exposure to those risks, and clarifies when premiums and discounts should be taken into account

when measuring fair value. The fair value disclosure requirements also were amended. The amended guidance is to be applied prospectively. For public entities, the guidance is effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a significant impact on our financial condition, results of operations or cash flows.

## **NOTE 2 RELATED PARTY ARRANGEMENTS**

### **Investment Advisory Agreement**

The Company entered into an investment advisory agreement with GSV Asset Management (the Advisory Agreement ) in connection with its initial public offering. Pursuant to the Advisory Agreement, GSV Asset Management will be paid a base annual fee of 2% of gross assets, and an annual incentive fee equal to the lesser of (i) 20% of the Company's realized capital gains during each calendar year, if any, calculated on an investment-by-investment basis, subject to a non-compounded preferred return, or hurdle, and a catch-up feature, and (ii) 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees. For the three months ended March 31, 2013 and March 31, 2012, GSV Asset Management earned \$1,283,599 and \$621,926, respectively, in base management fees and \$0 and \$0 in incentive fees, respectively.

As of March 31, 2013, the Company was due \$8,505 from GSV Asset Management for reimbursement of expenses paid for by the Company that were the responsibility of GSV Asset Management, and is included in the Consolidated Statement of Assets and Liabilities.

As of March 31, 2013, the Company owed GSV Asset Management \$39,012 for reimbursements of travel-related and other expenses, and is included in the Consolidated Statement of Assets and Liabilities.

As of December 31, 2012, the Company was due \$5,723 from GSV Asset Management for reimbursement of expenses paid by the Company that were the responsibility of GSV Asset Management, and is included in the Consolidated Statement of Assets and Liabilities.

As of December 31, 2012, the Company owed GSV Asset Management \$51,194 for reimbursements of travel-related expenses. These are included in the Consolidated Statement of Assets and Liabilities.

### **Administration Agreement**

The Company entered into an administration agreement with GSV Capital Service Company (the Administration Agreement ) to provide administrative services, including furnishing the Company with office facilities, equipment, clerical, bookkeeping, record keeping services and other administrative services, in connection with its initial public offering and ongoing operations. The Company reimburses GSV Capital Service Company an allocable portion of overhead and other expenses in performing its obligations under the Administration Agreement. There were \$887,984 and \$345,594 in such costs incurred under the Administration Agreement for the three months ended March 31, 2013 and March 31, 2012, respectively.

## **License Agreement**

The Company entered into a license agreement with GSV Asset Management pursuant to which GSV Asset Management has agreed to grant the Company a non-exclusive, royalty-free license to use the name GSV. Under this agreement, the Company has the right to use the GSV name for so long as the Advisory Agreement with GSV Asset Management is in effect. Other than with respect to this limited license, the Company has no legal right to the GSV name.

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## NOTE 3 PORTFOLIO INVESTMENTS AND FAIR VALUE

At March 31, 2013, the Company had 63 positions in 45 portfolio companies. The total cost and fair value of the 63 positions were \$235,481,893 and \$222,154,605, respectively. At December 31, 2012, the Company had 61 positions in 47 portfolio companies. The total cost and fair value of the 61 positions were \$237,147,735 and \$225,397,085, respectively. The composition of our investments as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013 (Unaudited)		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 127,701,404	\$ 118,790,833	\$ 132,833,640	\$ 123,820,141
Preferred Stock	107,150,019	102,657,139	103,683,625	100,853,882
Common Membership Interest	500,000	500,000	500,000	500,000
Warrants	130,470	206,633	130,470	223,062
Total Portfolio Investments	235,481,893	222,154,605	237,147,735	225,397,085
Non-Portfolio Investments	16,000,000	16,000,000	16,000,000	16,000,000
Total Investments	\$ 251,481,893	\$ 238,154,605	\$ 253,147,735	\$ 241,397,085

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of our Level 3 investments as of March 31, 2013.

Asset	Fair Value	Valuation Techniques	Unobservable inputs	Range (Average)	
Common stock in private companies	\$108,246,502	Market approach	Precedent transactions	N/A	
			Revenue multiples	1.3x 9.4x (3.4x)	
		Income approach	Revenue growth rate (5 year)	20% 50% (38%)	
			EBIT multiples	9.3x 40.7x (23.8x)	
			EBIT margin (5 year)	15% 30% (24%)	
			Discount rate	35% 50% (38%)	
		Scenario analysis	IPO/M&A probability	50/50% 80/20%	
			Market approach	Precedent transactions	N/A
				Revenue multiples	0.8x 9.4x (2.8x)
			Income approach	Revenue growth rate (5 year)	15% 50% (44%)
EBIT multiples	6.9x 40.7x (16.8x)				
EBIT margin (5 year)	5% 50% (23%)				
Discount rate	35% 50% (43%)				
Preferred stock in private companies	102,657,139	Scenario analysis	IPO/M&A probability	75/25% 25/75%	
			Liquidity preference	N/A	
Common membership interest	500,000	Market approach	Precedent transactions	N/A	
Warrants	206,633	Option pricing model	Term to expiration*	See below	
			Stock price*	See below	
			Volatility*	See below	

\*The Echo System Corp. warrants have an estimated term of 3.63 years, a stock price of \$3.20 and a volatility of 36%, and the SharesPost, Inc. warrants have an estimated term of 2.75 years, a stock price of \$0.31 and a volatility

of 47%.  
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The significant unobservable inputs used in determining the fair value of the warrants are the term to expiration, stock price and volatility. Volatility is based on a combination of implied and historical volatility indications. A higher stock price and a longer time to expiration result in higher values, all else equal.

The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of March 31, 2013 and December 31, 2012 are as follows:

	As of March 31, 2013 (Unaudited)			Total
	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common Stock	\$ 8,953,000	\$ 1,591,331	\$ 108,246,502	\$ 118,790,833
Preferred Stock			102,657,139	102,657,139
Money Market Funds	16,000,000			16,000,000
Common Membership Interest			500,000	500,000
Warrants			206,633	206,633
Total Investments	\$ 24,953,000	\$ 1,591,331	\$ 211,610,274	\$ 238,154,605

	As of December 31, 2012			Total
	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common Stock	\$ 10,964,466	\$	\$ 112,855,675	\$ 123,820,141
Preferred Stock			100,853,882	100,853,882
Money Market Funds	16,000,000			16,000,000
Common Membership Interest			500,000	500,000
Warrants			223,062	223,062
Total Investments	\$ 26,964,466	\$	\$ 214,432,619	\$ 241,397,085

The aggregate values of Level 3 portfolio investments changed during the three months ended March 31, 2013 and the year ended December 31, 2012 as follows:

	Three months ended March 31, 2013 (Unaudited)				Total
	Common Stock	Preferred Stock	Common Membership Interest	Warrants	
Fair value as of December 31, 2012	\$ 112,855,675	\$ 100,853,882	\$ 500,000	\$ 223,062	\$ 214,432,619
Purchases of investments		3,466,394			3,466,394
Change in unrealized depreciation included in	(3,017,842 )	(1,663,137 )		(16,429 )	(4,697,408 )

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earnings					
Transfer to Level 2	(1,591,331 )				(1,591,331 )
Fair Value as of March 31, 2013	\$108,246,502	\$102,657,139	\$500,000	\$206,633	\$211,610,274
Change in unrealized depreciation on Level 3 investments still held as of March 31, 2013	\$(2,632,369 )	\$(1,663,137 )	\$	\$(16,429 )	\$(4,311,935 )

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	Year ended December 31, 2012			Common Membership Interest	Warrants	Total
	Common Stock	Preferred Stock	Structured Note			
Fair value as of December 31, 2011	\$40,865,381	\$17,453,085	\$4,500,000	\$	\$71,396	\$62,889,862
Purchases of investments	86,378,395	85,104,161	854,236	500,000	31,354	172,868,146
Exercises, conversions and assignments <sup>(1)</sup>		984,067	(1,006,390)		22,323	
Sales and settlements			(3,002,665)			(3,002,665 )
Realized loss included in earnings			(1,380,263)			(1,380,263 )
Change in unrealized appreciation (depreciation) included in earnings	(5,027,001 )	(2,687,431 )	35,082		97,989	(7,581,361 )
Transfer to Level 2	(9,361,100 )					(9,361,100 )
Fair Value as of December 31, 2012	\$112,855,675	\$100,853,882	\$	\$500,000	\$223,062	\$214,432,619
Change in unrealized appreciation (depreciation) on Level 3 investments still held as of December 31, 2012	\$(3,919,288 )	\$(2,687,431 )	\$	\$	\$97,989	\$(6,508,730 )

During the year ended December 31, 2012, the Company converted its structured notes to preferred shares in AlwaysOn, Inc. and The Echo System Corp., and exercised its warrants for preferred shares in StormWind, LLC. (1) A portion of The Echo System Corp. structured notes attributable to the warrants was reclassified during the same period.

During the three months ended March 31, 2013, there was one transfer between levels related to our investment in Silver Spring Networks, Inc. Due to a public offering on March 12, 2013; observable inputs became available for our valuation at March 31, 2013. Our shares in Silver Spring Networks, Inc. are presently subject to a lock-up agreement that expires on September 8, 2013. The fair value for Silver Spring was estimated using the close price on a public exchange as of the valuation date, adjusted for a discount due to lack of marketability of 10% that was primarily based on the market price of publicly traded put options with a similar term as the lock-up as of March 31, 2013.

During the year ended December 31, 2012, there were three transfers between levels. Two of these transfers occurred as of June 30, 2012. Due to the expiration of the lock-up agreement on our shares in Groupon, Inc. on June 1, 2012, the closing price on a public exchange on June 29, 2012 was used for our valuation as of June 30, 2012. This resulted in a transfer of Groupon, Inc. from Level 2 to Level 1. At December 31, 2012, Groupon, Inc. was valued using the closing price on a public exchange on December 31, 2012. Due to the initial public offering of Facebook, Inc. on May 17, 2012, observable inputs became available for our valuation as of June 30, 2012. However, our shares in Facebook, Inc. were subject to a lock-up agreement that expired on November 14, 2012. As such, the fair value for Facebook, Inc. was estimated using the closing price on a public exchange as of June 29, 2012, adjusted for a discount due to a lack of marketability of 14% that was primarily based on the market price of publicly traded put options with a similar

term as our lock-up as of June 30, 2012. This resulted in a transfer of Facebook, Inc. from Level 3 to Level 2. Due to the expiration of the lock-up agreement on our shares in Facebook, Inc. on November 14, 2012, the closing price on a public exchange on December 31, 2012 was used for our valuation as of December 31, 2012. This resulted in a transfer of Facebook, Inc. from Level 2 to Level 1.

During the year ended December 31, 2012, the Company recorded a realized loss on our investment in PJB Fund LLC. The note matured and was repaid by transfer of shares of common stock of Zynga, Inc.

## NOTE 4 EQUITY OFFERINGS AND RELATED EXPENSES

We issued 13,800,000 shares of our common stock during the year ended December 31, 2012. No new shares of our common stock were issued during the three months ended March 31, 2013. The proceeds raised, the related underwriting fees, the offering expenses and the prices at which these shares were issued are as follows:

Issuances of Common Stock	Number of Shares	Gross Proceeds Raised	Underwriting Fees	Offering Expenses	Offering Price
February 28, 2011	100	\$1,500	\$	\$	\$ 15.00
April 28, 2011	3,335,000	50,025,000	3,501,750	527,166 <sup>(1)</sup>	15.00
September 27, 2011	2,185,000	30,917,750	1,267,300	531,122 <sup>(2)</sup>	14.15
February 10, 2012	6,900,000	103,500,000	7,245,000	326,077	15.00
May 11, 2012	6,900,000	112,125,000	6,727,500	412,620 <sup>(3)</sup>	16.25

(1) Includes \$3,585 of offering expenses that were accrued as of September 30, 2011.

(2) Amount was reduced by \$18,878 after actual expenses for the offering were determined as of December 31, 2011.

(3) Includes \$960 of offering expenses that were accrued as of September 30, 2012.

## NOTE 5 NET DECREASE IN NET ASSETS PER COMMON SHARE

The following information sets forth the computation of net decrease in net assets resulting from operations per common share for the three months ended March 31, 2013, and March 31, 2012, respectively.

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net decrease in net assets resulting from operations	\$ (7,491,255 )	\$ (83,063 )
Weighted average common shares	19,320,100	9,387,133
Basic and diluted earnings per common share	\$ (0.38 )	\$ (0.01 )

## NOTE 6 LEGAL CONTINGENCIES

The Company is currently not subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we 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. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.







	Year ended December 31, 2012		For the period from January 6, 2011 (date of inception) to December 31, 2011	
Ratio/Supplemental Data:				
Net assets at end of period	\$ 252,582,801		\$ 71,503,248	
Average net assets	\$ 208,050,344		\$ 44,532,523	
Annualized ratio of gross operating expenses to average net assets <sup>(8)</sup>	4.10	%	5.01	%
Annualized ratio of net operating expenses to average net assets <sup>(8)</sup>	4.10	%	5.01	%
Annualized ratio of net investment income to average net assets <sup>(8)</sup>	(3.98	)%	(4.64	)%

(1) Based on weighted average number of shares outstanding for the period.

(2) Based on shares outstanding at end of period.

(3) Issuance of common shares for the three months ended March 31, 2012 is based on the change in net asset value from the secondary offering on February 10, 2012.

(4) Issuance of common shares for the year ended December 31, 2012 is based on the change in net asset value from the secondary offerings on February 10, 2012 and May 11, 2012.

(5) Issuance of common shares for the period from January 6, 2011 (date of inception) to December 31, 2011 is based on the weighted average offering price for the shares issued during the period.

(6) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

(7) Total return based on market value is based on the change in market price per share between the opening and ending market values per share in the period. Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share and the issuance of common shares in the period. The percentage returns noted above are based on the increase in our net asset value attributable to issuances of our common stock at a premium to our net asset value per share, rather than investment returns. Such issuances of our common stock at a premium to net asset value per share are not typical, and may not occur in the future. The total returns are not annualized.

(8) Total return based on market value is based on the change in market price per share assuming an investment at the initial public offering price of \$15.00 per share. Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share and the issuance of common shares in the period. The total returns are not annualized.

(9) Financial Highlights for periods of less than one year are annualized and the ratios of operating expenses to average net assets and net investment loss to average net assets are adjusted accordingly. Non-recurring expenses were not annualized. For the year-end December 31, 2012, and for the period from January 6, 2011 (date of inception) to December 31, 2011, the Company incurred \$0, and \$198,831 of organizational expenses, respectively, which were deemed to be non-recurring. For the period from January 6, 2011 (date of inception) to December 31, 2011, average net assets were calculated starting from the issuance of 100 shares on February 28, 2011. Because the ratios are calculated for the Company's common stock taken as a whole, an individual investor's ratios may vary from these ratios.

## NOTE 8 INCOME TAX

The Company was taxed as a C corporation and subject to federal and state corporation income taxes for its 2012 taxable year. The GSV Holdings, which are taxed as C corporations, are not consolidated into the Company for financial reporting and income tax filing purposes. These subsidiaries hold certain pass-through companies in connection with the Company's proposed qualification as a RIC beginning with its 2013 taxable year. The Company recorded no current income tax expense or benefit during the year ended December 31, 2012 since it had net operating loss carry-forwards from prior years and a net operating loss for the 2012 tax year.

The Company recorded no deferred income tax expense or benefit for the year ended December 31, 2012 since it provided a full valuation allowance for deferred tax assets, which consisted primarily of net operating losses and temporary differences based on realized losses and unrealized depreciation of investments for financial statement purposes.

For federal and state purposes, a portion of the Company's net operating loss carryforwards and basis differences may be subject to limitations on annual utilization in case of a change in ownership, as defined by federal and state law.

The amount of such limitations, if any, has not been determined. Accordingly, the amount of such tax attributes available to offset future profits may be significantly less than the actual amounts of the tax attributes.

The Company has provided a full valuation allowance for its deferred tax assets due to uncertainty of generating sufficient capital gains or taxable income in future periods to realize these assets. Beginning with its 2013 taxable year, the Company may elect to be treated as a RIC if it is in the best interests of the Company. As a RIC, the Company generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends and claims dividends paid deductions to compute taxable income. Accordingly, the Company would no longer provide deferred taxes nor associated valuation allowance. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company not elect to be taxed as a RIC for 2013 or subsequently fails to qualify as a RIC and become a C corporation in the future.

In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for the special treatment accorded to a RIC and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the later of (1) the fifteenth day of the ninth month following the close of that fiscal year or (2) the extended due date for filing the federal income tax return for that fiscal year.

The Company did not have any material changes in unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and California. The Company is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change significantly in the next 12 months.

## NOTE 9 SUBSEQUENT EVENTS

Subsequent to March 31, 2013, the Company closed on investments of \$3.1 million, plus transaction costs as follows:

The Company closed on an investment of \$1,379,294, plus transaction costs, in SugarCRM, Inc., a customer relationship management company, on April 1, 2013.

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The Company closed on an investment of \$1,733,923, plus transaction costs, in ZocDoc Inc., an online medical scheduling company, on April 4, 2013.

The Company closed on an investment of \$24,999, plus transaction costs, in AlwaysOn, Inc., a social media company, on April 26, 2013.

The Company is presently in the final stages of negotiations with respect to a handful of private company investments that it anticipates entering into within the next 30 to 60 days, subject to satisfaction of applicable

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closing conditions. In the case of secondary market transactions, such closing conditions may include approval of the issuer, waiver or failure to exercise rights of first refusal by the issuer and/or its stockholders and termination rights by the seller or the Company. Equity investments made through the secondary market may involve making deposits in escrow accounts until the applicable closing conditions are satisfied, at which time the escrow accounts will close and such equity investments will be effectuated. Subsequent to March 31, 2013, the Company has not made any such escrow deposits.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

## Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about GSV Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, will, may, continue, be estimates, would, could, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements.

The forward looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our 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 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 portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our equity investments in such portfolio companies,
- an economic downturn could disproportionately impact the market sectors in which a significant portion of our portfolio is concentrated, causing us to suffer losses in our portfolio,
- an inability to access the equity markets could impair our investment activities,
- interest rate volatility could adversely affect our results, particularly if we opt to use leverage as part of our investment strategy, and
- the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this quarterly report on Form 10-Q and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this quarterly report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this quarterly report on Form 10-Q. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this quarterly report on Form 10-Q.

The following analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the annual report on Form 10-K for the year ended December 31, 2012 and this quarterly report on Form 10-Q.

## Overview

We are an externally managed, non-diversified closed-end management investment company that has elected to be treated as a business development company under the 1940 Act. Our investment objective is to maximize our portfolio's total return, principally by seeking capital gains on our equity and equity-related investments. We invest principally in the equity securities of what we believe to be rapidly growing venture capital-backed emerging companies. We acquire our investments through secondary marketplaces for private companies, negotiations with selling stockholders and direct investments with prospective portfolio companies. We may also invest on an opportunistic basis in select publicly-traded equity securities or certain non-U.S. companies that otherwise meet our investment criteria. Our investment activities are managed by GSV Asset Management, and GSV Capital Service Company provides the administrative services necessary for us to operate.

Our investment philosophy is premised on a disciplined approach of identifying high-growth emerging companies across several key industry themes which may include, among others, social mobile, cloud computing, and big data, internet commerce, green technology and education technology. Our investment adviser's investment decisions are based on a disciplined analysis of available information regarding each potential portfolio company's business operations, focusing on the company's growth potential, the quality of recurring revenues and cash flow and cost structures, as well as an understanding of key market fundamentals. Many of the companies that our investment adviser evaluates have financial backing from top tier venture capital funds or other financial or strategic sponsors.

We seek to deploy capital primarily in the form of non-controlling equity and equity-related investments, including common stock, warrants, preferred stock and similar forms of senior equity, which may or may not be convertible into a portfolio company's common equity, and convertible debt securities with a significant equity component. We used substantially all of the net proceeds of our initial public offering and follow-on offerings for the above purposes.

We seek to create a low-turnover portfolio that includes investments in companies representing a broad range of investment themes. As of March 31, 2013, we have invested aggregate consideration of approximately \$239.9 million (exclusive of transaction fees and costs), since inception, or 86.9% of the net proceeds from our initial public offering and subsequent follow-on offerings.

On April 28, 2011, we priced our initial public offering of 3,335,000 shares of our common stock at the offering price of \$15.00 per share. The initial public offering closed on May 3, 2011, resulting in net proceeds to GSV Capital Corp. of approximately \$46.5 million. On September 26, 2011, we priced a follow-on equity offering of 2,185,000 shares of our common stock at an offering price \$14.15 per share. The follow-on equity offering included the full exercise of the underwriters' option to purchase an additional 285,000 shares of our common stock, resulting in net proceeds to GSV Capital Corp. of approximately \$29.6 million. On February 10, 2012, we priced a subsequent follow-on equity offering of 6,900,000 shares of our common stock at an offering price of \$15.00 per share. The follow-on equity offering included the full exercise of the underwriters' option to purchase an additional 900,000 shares of our common stock, resulting in net proceeds to GSV Capital Corp. of approximately \$96.2 million. On May 11, 2012, we priced an additional follow-on equity offering of 6,900,000 shares of our common stock at an offering price of \$16.25 per share. The follow-on offering included the full exercise of the underwriters' option to purchase an additional 900,000 shares of our common stock, resulting in net proceeds to GSV Capital Corp. of approximately \$105.4 million. Our shares are currently listed on the NASDAQ Capital Market under the symbol `GSVC`.





## Investments

The fair value of our investments can be expected to fluctuate in future periods due to changes in our investments and changes in the fair value of the investments. The investments made during the three months ended March 31, 2013 include:

The Company closed on an investment of \$1,499,999, plus transaction costs, in SugarCRM Inc., a customer relationship management company, on January 16, 2013.

The Company closed on an investment of \$200,000, plus transaction costs, in AlwaysOn, Inc., a social media company, on February 4, 2013.

The Company closed on an investment of \$517,244, plus transaction costs, in CUX, Inc. (d/b/a CorpU), a corporate education company, on February 25, 2013.

The Company closed on an investment of \$200,000, plus transaction costs, in AlwaysOn, Inc., a social media company, on February 28, 2013.

The Company closed on an investment of \$1,000,000, plus transaction costs, in Fullbridge, Inc., a business education company, on March 22, 2013.

The fair value, as of March 31, 2013, of all of our portfolio investments was \$222,154,605. In addition, we held \$16,000,000 in two money market funds as of March 31, 2013. We also held \$6,818,379 in unrestricted cash on March 31, 2013.

## Results of Operations

### Comparison of the three months ended March 31, 2013 and 2012

#### Investment Income

For the three months ended March 31, 2013, we had investment income of \$4,535, or \$0.00 per share, which consisted of \$0 of interest income from our portfolio investments and \$4,535 of dividend income from our money market investments.

For the three months ended March 31, 2012, we had investment income of \$117,805, or \$0.01 per share, which consisted of \$112,101 of interest income from our portfolio investments and \$5,704 of dividend income from our money market investments.

The decrease in investment income for the three months ended March 31, 2013 relative to the three months ended March 31, 2012 was primarily due to us no longer carrying fixed income investments during the three months ended March 31, 2013.

#### Operating Expenses

For the three months ended March 31, 2013, we had \$2,572,260 in total operating expenses consisting primarily of investment management fees and administration fees, in addition to legal, audit and consulting fees. The investment

advisory fee for the three months ended March 31, 2013, was \$1,283,599, representing the base management fee as provided in our investment advisory agreement. Our base management fee was significantly higher than during the same period in 2012 as a result of the increase in our gross assets. Costs incurred under our administration agreement for the three months ended March 31, 2013, were \$887,984. Professional fees, consisting of legal, valuation, audit and consulting fees, were \$236,886 for the three months ended March 31, 2013.

For the three months ended March 31, 2012, we had \$1,211,807 in total operating expenses consisting primarily of investment management fees and administration fees, in addition to legal, audit and consulting fees. The investment advisory fee for the three months ended March 31, 2012, was \$621,926, representing the base fee as provided in our investment advisory agreement. Costs incurred under our administration agreement for the three months ended March 31, 2012, were \$345,594. Professional fees, consisting of legal, valuation, audit and consulting fees, were \$131,845 for the three months ended March 31, 2012.

The increase in total operating expenses for the three months ended March 31, 2013 relative to the three months ended March 31, 2012 was mostly due to an increase in management fees as well as administration

fees incurred. These fees increased due to an increase in our gross and net asset values during the same periods, which impact the fees incurred. Refer to note 2 for further details regarding the calculations of these fees.

## Net Decrease in Net Assets

For the three months ended March 31, 2013, we had a net change in unrealized depreciation of \$1,576,638, or \$0.08 per share. The change in unrealized depreciation is primarily a result of our investments in Starfish Holdings, Inc. and Totus Solutions, Inc. Net realized loss was \$3,346,892, or \$0.17 per share, and is the result of sales of investments in Zynga, Inc. and Groupon Inc. Net investment loss was \$2,567,725, or \$0.13 per share, for the three months ended March 31, 2013, resulting primarily from operating expenses incurred during the quarter. Net decrease in net assets resulting from operations was \$7,491,255, or \$0.38 per share, for the three months ended March 31, 2013.

For the three months ended March 31, 2012, we had a net change in unrealized appreciation of \$1,011,195, or \$0.11 per share. The change in unrealized appreciation is primarily a result of an increase in the fair value of our investment in Facebook, Inc. Net investment loss was \$1,094,002, or \$0.12 per share, for the three months ended March 31, 2012, resulting primarily from operating expenses incurred during the quarter. Net decrease in net assets resulting from operations was \$83,063, or \$0.01 per share, for the three months ended March 31, 2012, which reflects the extent of operating expenses incurred during the quarter.

The per share figures noted above are based on a weighted-average of 19,320,100 and 9,387,133 shares outstanding for the three months ended March 31, 2013 and 2012, respectively.

## Liquidity and Capital Resources

At March 31, 2013, we had investments in 45 portfolio companies with costs totaling \$235,481,893, two money market funds totaling \$16,000,000 and cash in the amount of \$6,818,379.

On February 10, 2012, we priced a follow-on equity offering of 6,900,000 shares of our common stock at an offering price of \$15.00 per share. The follow-on equity offering included the full exercise of the underwriters' option to purchase an additional 900,000 share of our common stock, resulting in net proceeds to GSV Capital Corp. of approximately \$96.2 million. On May 11, 2012, we priced a subsequent follow-on equity offering of 6,900,000 shares of our common stock at an offering price of \$16.25 per share. The follow-on equity offering included the full exercise of the underwriters' option to purchase an additional 900,000 share of our common stock, resulting in net proceeds to GSV Capital Corp. of approximately \$105.4 million. Our shares are currently listed on the NASDAQ Capital Market under the symbol `GSVC`.

Our primary use of cash is to make investments and to pay our operating expenses. We used substantially all of the proceeds of the offerings to invest in portfolio companies as of March 31, 2013, except for amounts retained for purposes of funding our ongoing expenses.

Our current policy is to maintain cash reserves in an amount sufficient to pay our operating expenses, including investment management fees, incentive fees and costs incurred under the administration agreement, for approximately two years. For a description of the investment advisory and administration services we receive, see `Related Party Transactions and Certain Relationships`. We incurred approximately \$1,283,599 and \$621,926 in investment management fees and \$887,984 and \$345,594 in costs incurred under the administration agreement for the three months ended March 31, 2013, and March 31, 2012 respectively.

As of March 31, 2013, the fair value of our portfolio investments was equal to the cost of the investments, net of unrealized depreciation representing transaction costs and any fair value adjustments. Fair value adjustments may include subsequent financing rounds, discounts due to lack of marketability, senior management changes or any other developments that factor into our valuations. The fair value of our investments can be expected to fluctuate in future periods due to changes in our investments and changes in the fair value of the investments.

### **Off-Balance Sheet Arrangements**

As of March 31, 2013, we had no off-balance sheet arrangements, including any risk management of commodity pricing or other hedging practices. However, we may employ hedging and other risk management techniques in the future.

## Distribution Policy

The timing and amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. We intend to focus on making capital gains-based investments from which we will derive primarily capital gains. As a consequence, we do not anticipate that we will pay dividends on a quarterly basis or become a predictable distributor of dividends, and we expect that our dividends, if any, will be much less consistent than the dividends of other business development companies that primarily make debt investments. However, if there are earnings or realized capital gains to be distributed, we intend to declare and pay a dividend at least annually.

During the taxable year ended December 31, 2012, we were taxed as a C Corporation subject to federal and state corporate income taxes, however we may elect to be treated as a RIC under Subchapter M of the Code, beginning with our 2013 taxable year if management determines that it is in the best interests of the Company and the Company is able to satisfy the requirements to be treated as a RIC. To obtain and maintain RIC tax treatment, we must, among other things, 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, for each taxable year. In addition, 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. Although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment but designate the retained net capital gain as a deemed distribution. If this happens, you will be treated as if you received an actual distribution of the capital gains we retain and reinvested the net after-tax proceeds in us. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations. There is no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that 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. In addition, although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year.

Our current intention is to make any distributions out of assets legally available therefrom in additional shares of our common stock under our dividend reinvestment plan, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. Under the dividend reinvestment plan, if a stockholder owns shares of common stock registered in its own name, the stockholder will have all cash distributions automatically reinvested in additional shares of common stock unless the stockholder opts out of our dividend reinvestment plan by delivering a written notice to our dividend paying agent prior to the record date of the next dividend or distribution. See Dividend Reinvestment Plan. Any distributions reinvested under the plan will nevertheless remain taxable to the U.S. stockholder, although no cash distribution has been made. As a result, if you do not elect to opt out of the dividend reinvestment plan, you will be required to pay applicable federal, state and local taxes on any reinvested dividends even though you will not receive a corresponding cash distribution. In addition, reinvested dividends have the effect of increasing our gross assets, which may correspondingly increase the management fee payable to our investment adviser. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash.

## **Borrowings**

We had no borrowings outstanding as of March 31, 2013.

## **Related Party Transactions**

We entered into an investment advisory agreement with GSV Asset Management (the **Advisory Agreement** ) in connection with our initial public offering. Pursuant to the **Advisory Agreement**, GSV Asset

Management will be paid a base annual fee of 2.00% of gross assets, and an annual incentive fee equal to the lesser of

- (i) 20% of the GSV Capital's realized capital gains during each calendar year, if any, calculated on an investment-by-investment basis, subject to a non-compounded preferred return, or hurdle, and a catch-up feature, and
- (ii) 20% of the GSV Capital's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees. GSV Asset Management earned \$1,283,599 and \$621,926 in base management fees and \$0 and \$0 in incentive fees for the three months ended March 31, 2013, and March 31, 2012 respectively.

As of March 31, 2013, we were owed \$8,505 from GSV Asset Management for reimbursement of expenses paid for by us that were the responsibility of GSV Asset Management.

In addition as of March 31, 2012, we owed GSV Asset Management \$39,012 for reimbursement of expenses.

We entered into an Administration Agreement with GSV Capital Service Company (the Administration Agreement) to provide administrative services, including furnishing us with office facilities, equipment, clerical, bookkeeping services and other administrative services, in connection with our initial public offering. We reimburse GSV Capital Service Company an allocable portion of overhead and other expenses in performing its obligations under the Administration Agreement. There were \$887,984 and \$345,594 in such costs incurred under the Administration Agreement for the three months ended March 31, 2013, and March 31, 2012 respectively.

We also adopted a Code of Ethics which applies to, among others, our senior officers, including our Chief Executive Officer and Chief Financial Officer, as well as all of our officers, directors and employees. Our Code of Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Pursuant to our Code of Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to our Chief Compliance Officer. Our board of directors is charged with approving any waivers under our Code of Ethics. As required by the NASDAQ corporate governance listing standards, the Audit Committee of our board of directors is also required to review and approve any transactions with related parties (as such term is defined in Item 404 of Regulation S-K).

In April 2012, in connection with our investment in Top Hat, Inc., Cherry Tree & Associates, LLC, an investment banking firm, received a fee of approximately \$259,000 for its representation of Top Hat, Inc. Mark Moe, who is the brother of our Chief Executive Officer, Michael Moe, served as a Managing Director of Cherry Tree & Associates, LLC, and may therefore be deemed to have had an indirect material interest in such transaction. In February 2013, Mark Moe joined NestGSV, Inc., one of our portfolio companies, as a Vice President of Business Development, Global Expansion.

## **Critical Accounting Policies**

### **Valuation of Investments at Fair Value**

We carry our investments at fair value, as determined in good faith by our board of directors, in accordance with GAAP. Fair value is the price that one would receive upon selling an investment or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the investment or liability. GAAP emphasizes that valuation techniques should maximize the use of observable market inputs and minimize the use of unobservable inputs. Observable inputs are based on market data obtained from sources independent of the entity and should not be limited to information that is only available to the entity making the fair value determination, or to a small group of users. Observable market inputs should be readily available to

participants in that market. In addition, observable market inputs should include a level of transparency that is reliable and verifiable.

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GAAP fair value measurement guidance classifies the inputs used to measure these fair values into the following hierarchy:

**Level 1.** Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

**Level 2.** Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets;
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

**Level 3.** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

An asset's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Securities that are publicly traded are generally valued at the close price on the valuation date; however, if they remain subject to lock-up restrictions they are discounted accordingly. Securities that are not publicly traded or for which there are no readily available market quotations are valued at fair value as determined in good faith by our board of directors.

In connection with that determination, portfolio company valuations are prepared using the most currently available data. As appropriate, we obtain updates on each portfolio company's financial performance, including information such as economic and industry trends, new product development, and other operational issues.

In making our good faith determination of the fair value of investments, we consider valuation methodologies consistent with industry practice, including but not limited to (i) publicly available information regarding the valuation of the securities based on recent sales in comparable transactions of private companies, (ii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and applicable market multiples of their equity securities and, (iii) an income approach that estimates value based on the expectation of future cash flows that an asset or business will generate.

We engage independent valuation firms to perform valuations of our investments that are not publicly traded or for which there are no readily available market quotations. We also engage independent valuation firms to perform valuations of any securities that trade on private secondary markets, but are not otherwise publicly traded, where there is a lack of appreciable trading or a wide disparity in recently reported trades. We consider the independent valuations, among other factors, in making our fair value determinations.

## U.S. Federal and State Income Taxes

The Company was taxed as a regular corporation (a C corporation) under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2012 taxable year. The Company uses the liability method of accounting for income

taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. Certain tax attributes may be subject to limitations on timing and usage.

A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Beginning with its 2013 taxable year, the Company may elect to be treated as a regulated investment company ( RIC ) under subchapter M of the Internal Revenue Code of 1986, as amended (the Code ), if management determines that it is in the best interests of the Company to do so and the Company is able to satisfy the requirements under subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year, and to meet certain asset diversification requirements on a quarterly basis. So long as the Company qualifies and maintains its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company. Although it is currently its intention to do so, at the present time, the Company cannot assure you whether it will elect to be treated as a RIC for its 2013 taxable year. If it opts not to do so, the Company will continue to be taxed as a C corporation under the Code for its 2013 taxable year.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the more-likely-than-not threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof. The Company did not have any unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and California, and is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change materially in the next 12 months.

## Recently Adopted Accounting Standards

In May 2011, the Financial Accounting Standards Board ( FASB ) issued guidance clarifying how to measure and disclose fair value. This guidance amends the application of the highest and best use concept to be used only in the measurement of fair value of nonfinancial assets, clarifies that the measurement of the fair value of equity-classified financial instruments should be performed from the perspective of a market participant who holds the instrument as an asset, clarifies that an entity that manages a group of financial assets and liabilities on the basis of its net risk exposure can measure those financial instruments on the basis of its net exposure to those risks, and clarifies when premiums and discounts should be taken into account when measuring fair value. The fair value disclosure requirements also were amended. The amended guidance is to be applied prospectively. For public entities, the guidance is effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a significant impact on our financial condition, results of operations or cash flows.

## Recent Developments

Subsequent to March 31, 2013, the Company closed on investments of \$3.1 million, plus transaction costs as follows:

The Company closed on an investment of \$1,379,294, plus transaction costs, in SugarCRM, Inc., a customer relationship management company, on April 1, 2013.

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The Company closed on an investment of \$1,733,923, plus transaction costs, in ZocDoc Inc., an online medical scheduling company, on April 4, 2013.

The Company closed on an investment of \$24,999, plus transaction costs, in AlwaysOn, Inc., a social media company, on April 26, 2013.

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The Company is presently in the final stages of negotiations with respect to a handful of private company investments that it anticipates entering into within the next 30 to 60 days, subject to satisfaction of applicable closing conditions. In the case of secondary market transactions, such closing conditions may include approval of the issuer, waiver or failure to exercise rights of first refusal by the issuer and/or its stockholders and termination rights by the seller or the Company. Equity investments made through the secondary market may involve making deposits in escrow accounts until the applicable closing conditions are satisfied, at which time the escrow accounts will close and such equity investments will be effectuated. Subsequent to March 31, 2013, the Company has not made any such escrow deposits.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, which could include, to the extent we utilize leverage, changes in interest rates. As we invest primarily in equity rather than debt instruments, we would not expect fluctuations in interest rates to directly impact our return on our portfolio investments, and therefore do not consider a Change in interest rates to be a significant although any significant change in market interest rates could potentially have an indirect effect on the business, financial condition and results of operations of the portfolio companies in which we invest.

Item 4. Controls and Procedures

As of March 31, 2013, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II: OTHER INFORMATION

### Item 1.

### Legal Proceedings

None of us, our investment adviser or administrator, is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us, or against our investment adviser or administrator.

From time to time, we, our investment adviser or administrator, 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. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

### Item 1A.

### Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item

1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results. With the exception of the risk factors set forth below, there have been no material changes during the three months ended March 31, 2013 to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2012.

## Risks Related To Our Investments

**There are significant potential conflicts of interest, which could impact our investment returns and limit the flexibility of our investment policies.**

We have entered into an Investment Advisory Agreement with GSV Asset Management. GSV Asset Management is controlled by Michael T. Moe, our president, chief executive officer and chairman of our board of directors and Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary. Messrs. Moe and Bard, as principals of GSV Asset Management, collectively manage the business and internal affairs of GSV Asset Management. In addition, GSV Capital Service Company provides us with office facilities and administrative services pursuant to an Administration Agreement. Mr. Moe is the managing member of and controls GSV Capital Service Company. While there is no limit on the total amount of expenses we may be required to reimburse to GSV Capital Service Company, our administrator will only charge us for the actual expenses it incurs on our behalf, or our allocable portion thereof, without any profit to GSV Capital Service Company.

In addition, our executive officers and directors, and the principals of our investment adviser, GSV Asset Management, serve or may serve as officers and directors of entities that operate in a line of business similar to our own, including new entities that may be formed in the future. Accordingly, 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, such as, for example, the management of GSV X Fund by GSV Asset Management.

While the investment focus of each of these entities may be different from our investment objective, it is likely that new investment opportunities that meet our investment objective will come to the attention of one of these entities, or new entities that will likely be formed in the future in connection with another investment advisory client or program,

and, if so, such opportunity might not be offered, or otherwise made available, to us. However, our executive officers, directors and investment adviser intend to treat us in a fair and equitable manner consistent with their applicable duties under law so that we will not be disadvantaged in relation to any other particular client. In addition, while GSV Asset Management anticipates that it will from time to time identify investment opportunities that are appropriate for both GSV Capital and the other funds that are currently or in the future may be managed by GSV Asset Management, to the extent it does identify such opportunities, GSV Asset Management has established an allocation policy to ensure that GSV Capital has priority over such other funds. Our board of directors will monitor on a quarterly basis any such allocation of investment opportunities between GSV Capital and any such other funds.

GSV Asset Management is the owner of the GSV name and marks, which we are permitted to use pursuant to a non-exclusive license agreement between us and GSV Asset Management. GSV Asset Management and its principals also use and may permit other entities to use the GSV name and marks in connection with businesses and activities unrelated to our operations. The use of the GSV name and marks in connection with businesses and activities unrelated to our operations may not be in the best interest of us or our stockholder and may result in actual or perceived conflicts of interest.

In the ordinary course of business, we may enter into transactions with portfolio companies that may be considered related party transactions. In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with us, we have implemented certain written policies and procedures whereby our executive officers screen each of our transactions for any possible affiliations between the proposed portfolio investment, us, companies controlled by us and our executive officers and directors. We will not enter into any agreements unless and until we are satisfied that doing so will not raise concerns under the 1940 Act or, if such concerns exist, we have taken appropriate actions to seek board review and approval or exemptive relief for such transaction. Our board of directors will review these procedures on an annual basis.

We have also adopted a Code of Ethics which applies to, among others, our senior officers, including our chief executive officer and chief financial officer, as well as all of our officers, directors and employees. Our officers and directors also remain subject to the fiduciary obligations imposed by both the 1940 Act and applicable state corporate law. Our Code of Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Pursuant to our Code of Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to our chief compliance officer. Our board of directors is charged with approving any waivers under our Code of Ethics. As required by the NASDAQ corporate governance listing standards, the Audit Committee of our board of directors is also required to review and approve any transactions with related parties, as such term is defined in Item 404 of Regulation S-K. In accordance with Item 404, related parties generally include our directors and executive officers, any nominees for director, any immediate family member of a director or executive officer or nominee for director, and any other person sharing the household of such director, executive officer or nominee for director.

Finally, we pay GSV Capital Service Company our allocable portion of overhead and other expenses incurred by GSV Capital Service Company in performing its obligations under the Administration Agreement, including a portion of the rent and the compensation of our chief financial officer and chief compliance officer and any administrative support personnel, which creates conflicts of interest that our board of directors must monitor.

## **Risks Related to Our Common Stock**

### **Investors in any future offerings may incur immediate and substantial dilution.**

Commissions and discounts payable to any underwriters, together with our organizational expense and other expenses of any future offering, may reduce the net proceeds of any such offering available for us to invest. As of March 31, 2013 our net asset value was \$245,091,546, or \$12.69 per share. Depending upon the public offering price, and after deducting the underwriting discounts and commissions and the related offering expenses payable by us, in connection with any future offering, investors in any such offering may be subject to an immediate and substantial dilution.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds  
Not applicable.



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Item 3. Defaults Upon Senior Securities  
None.

Item 4. Mine Safety Disclosure  
Not applicable.

Item 5. Other Information  
Not applicable.

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Item 6.

Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

- 3.1 Articles of Amendment and Restatement\*
- 3.2 Articles of Amendment\*\*
- 3.3 Bylaws\*
- 4.1 Form of Common Stock Certificate\*
- 10.1 Form of Dividend Reinvestment Plan\*
- 10.2 Amended and Restated Investment Advisory Agreement by and between Registrant and GSV Asset Management, LLC\*\*\*
- 10.3 Amended and Restated Administration Agreement by and between Registrant and GSV Capital Service Company, LLC\*\*\*
- 10.4 Form of Indemnification Agreement by and between Registrant and each of its directors\*
- 10.5 Form of Custody Agreement by and between Registrant and U.S. Bank National Association\*
- 10.6 Form of Trademark License Agreement by and between Registrant and GSV Asset Management, LLC\*\*
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

\* Previously filed in connection with Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2 (File No. 333-171578) filed on March 30, 2011.

\*\* Previously filed in connection with Current Report on Form 8-K (File No. 814-00852) filed on June 1, 2011.

\*\*\* Previously filed in connection with Annual Report for the fiscal year ended December 31, 2012 on Form 10-K (File No. 814-00852), filed on March 14, 2013.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### GSV CAPITAL CORP.

**By:**

/s/ Michael T. Moe

Date: May 9, 2013

Michael T. Moe  
Chief Executive Officer, President  
and Chairman of the Board of  
Directors  
(Principal Executive Officer)

**By:**

/s/ Stephen D. Bard

Date: May 9, 2013

Stephen D. Bard  
Chief Financial Officer, Treasurer  
and Secretary  
(Principal Financial and  
Accounting Officer)