

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED September 30, 2012**

**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.)

**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  (do not check if a smaller reporting company)

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 November 7, 2012 was 19,320,100.

---

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	3
Consolidated Statements of Assets and Liabilities as of September 30, 2012 (unaudited) and December 31, 2011	3
Consolidated Statements of Operations (unaudited) for the three and nine months ended September 30, 2012, for the three months ended September 30, 2011 and for the period from January 6, 2011 (date of inception) to September 30, 2011	4
Consolidated Statements of Changes in Net Assets (unaudited) for the nine months ended September 30, 2012 and for the period from January 6, 2011 (date of inception) to September 30, 2011	5
Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2012 and for the period from January 6, 2011 (date of inception) to September 30, 2011	6
Consolidated Schedule of Investments as of September 30, 2012 (unaudited)	7
Schedule of Investments as of December 31, 2011	12
Notes to the Consolidated Financial Statements as of September 30, 2012 (unaudited)	15
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3. Quantitative and Qualitative Disclosures About Market Risk	38
Item 4. Controls and Procedures	38
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	39
Item 1A. Risk Factors	39
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 3. Defaults Upon Senior Securities	41
Item 4. Mine Safety Disclosure	41
Item 5. Other Information	41
Item 6. Exhibits	41
Signatures	42

**PART I: FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

	<u>September 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Investments at fair value:		
Investments in affiliated securities (cost of \$31,130,920 and \$0, respectively)	\$ 31,247,914	\$ -
Investments in non-control/non-affiliated securities (cost of \$193,559,007 and \$65,658,866, respectively)	186,193,624	64,078,150
Investment in United States treasury bill (cost of \$0 and \$19,999,128, respectively)	-	20,000,044
Investments in money market funds (cost of \$16,000,000 and \$7,000,000, respectively)	16,000,000	7,000,000
Total Investments (cost of \$240,689,927 and \$92,657,994, respectively)	<u>233,441,538</u>	<u>91,078,194</u>
Cash	26,331,482	385,995
Due from:		
GSV Asset Management	3,315	13,470
Portfolio companies	291,554	9,249
Accrued interest	-	158,389
Prepaid expenses	136,096	92,750
Deferred offering costs	-	56,436
Dividend receivable	2,190	1,063
Other assets	102,850	2,696
<b>Total Assets</b>	<u>260,309,025</u>	<u>91,798,242</u>
<b>LIABILITIES</b>		
Due to:		
GSV Asset Management	41,197	78,427
Other affiliates	917	10,782
Payable for unsettled securities transaction	-	19,999,128
Accounts payable	292,925	206,357
Accrued expenses	114,732	300
<b>Total Liabilities</b>	<u>449,771</u>	<u>20,294,994</u>
<b>Commitments and contingencies (Note 6)</b>		
<b>Net Assets</b>	<u>\$ 259,859,254</u>	<u>\$ 71,503,248</u>
<b>NET ASSETS</b>		
Common stock, par value \$0.01 per share (100,000,000 authorized; 19,320,100 and 5,520,100 issued and outstanding, respectively)	\$ 193,201	\$ 55,201
Paid-in capital in excess of par	275,837,514	73,027,847
Accumulated net investment loss	(7,542,553)	-
Accumulated net realized loss on investments	(1,380,519)	-
Accumulated net unrealized depreciation on investments	(7,248,389)	(1,579,800)
<b>Net Assets</b>	<u>\$ 259,859,254</u>	<u>\$ 71,503,248</u>
<b>Net Asset Value Per Share</b>	<u>\$ 13.45</u>	<u>\$ 12.95</u>

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011 <sup>(1)</sup>
<b>INVESTMENT INCOME</b>				
Interest income from affiliated securities	\$ 2,418	\$ -	\$ 200,195	\$ -
Interest income	4,645	52,222	21,852	52,222
Dividend income	6,865	1,186	20,040	1,186
<b>Total Investment Income</b>	<u>13,928</u>	<u>53,408</u>	<u>242,087</u>	<u>53,408</u>
<b>OPERATING EXPENSES</b>				
Investment management fees	1,351,169	233,961	3,099,186	384,904
Costs incurred under administration agreement	543,171	192,031	1,490,966	305,066
Directors' fees	65,000	42,500	172,500	85,000
Professional fees	242,683	152,916	597,089	271,548
Insurance expense	56,133	47,192	158,287	95,301
Investor relations expense	34,698	52,250	143,986	53,000
Organization expenses	-	6,336	-	198,831
Other expenses	55,642	6,310	88,762	15,959
<b>Total Operating Expenses</b>	<u>2,348,496</u>	<u>733,496</u>	<u>5,750,776</u>	<u>1,409,609</u>
<b>Net Investment Loss</b>	(2,334,568)	(680,088)	(5,508,689)	(1,356,201)
<b>Net Realized Loss on Investments</b>	-	-	(1,380,519)	-
<b>Net Change in Unrealized Depreciation on Investments</b>	(4,665,272)	(494,170)	(5,668,589)	(553,804)
<b>Net Decrease in Net Assets Resulting from Operations</b>	<u>\$ (6,999,840)</u>	<u>\$ (1,174,258)</u>	<u>\$ (12,557,797)</u>	<u>\$ (1,910,005)</u>
<b>Net Decrease in Net Assets Resulting from Operations per Common Share</b>	<u>\$ (0.36)</u>	<u>\$ (0.34)</u>	<u>\$ (0.84)</u>	<u>\$ (0.78)</u>
<b>Weighted Average Common Shares Outstanding</b>	<u>19,320,100</u>	<u>3,430,100</u>	<u>15,013,896</u>	<u>2,460,565<sup>(2)</sup></u>

<sup>(1)</sup> For the period from January 6, 2011 (date of inception) to September 30, 2011.

<sup>(2)</sup> Weighted average common shares for the period from January 6, 2011 (date of inception) to September 30, 2011 was calculated from the issuance of 100 shares on February 28, 2011.

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**(Unaudited)**

	Nine months ended September 30, 2012	For the period from January 6, 2011 (date of inception) to September 30, 2011
<b>Decrease in Net Assets Resulting From Operations</b>		
Net Investment Loss	\$ (5,508,689)	\$ (1,356,201)
Net Realized Loss on Investments	(1,380,519)	-
Net Change in Unrealized Depreciation on Investments	(5,668,589)	(553,804)
<b>Net Decrease in Net Assets Resulting From Operations</b>	<b>(12,557,797)</b>	<b>(1,910,005)</b>
<b>Capital Share Transactions</b>		
Net Proceeds from Common Shares Issued	201,652,500	76,175,200
Offering Costs	(738,697)	(1,077,166)
<b>Net Capital Share Transactions</b>	<b>200,913,803</b>	<b>75,098,034</b>
<b>Total Increase in Net Assets</b>	<b>188,356,006</b>	<b>73,188,029</b>
Net Assets at Beginning of Period	71,503,248	-
<b>Net Assets at End of Period</b>	<b>\$ 259,859,254</b>	<b>\$ 73,188,029</b>
<b>Capital Share Activity</b>		
Shares Issued	13,800,000	5,520,100
Shares Outstanding at Beginning of Period	5,520,100	-
<b>Shares Outstanding at End of Period</b>	<b>19,320,100</b>	<b>5,520,100</b>

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<u>Nine months ended</u> <u>September 30, 2012</u>	<u>For the period from</u> <u>January 6, 2011</u> <u>(date of inception) to</u> <u>September 30, 2011</u>
<b>Cash Flows from Operating Activities</b>		
Net decrease in net assets resulting from operations	\$ (12,557,797)	\$ (1,910,005)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:		
Net realized loss on investments	1,380,519	-
Net change in unrealized depreciation on investments	5,668,589	553,804
Purchases of investments in:		
Portfolio investments	(160,411,324)	(41,943,388)
United States treasury bill	(19,999,128)	-
Money market funds	(10,000,000)	(4,500,000)
Proceeds from sales of investments in:		
United States treasury bill	19,998,872	-
Money market funds	1,000,000	4,500,000
Change in operating assets and liabilities:		
Due from GSV Asset Management	10,155	(809)
Due from portfolio companies	(282,305)	(30,000)
Accrued interest	158,389	(52,222)
Prepaid expenses	(43,346)	(138,692)
Dividend receivable	(1,127)	-
Other assets	(100,154)	(6,456)
Due to GSV Asset Management	(37,230)	74
Due to other affiliates	(9,865)	34,635
Accounts payable	143,004	388,812
Accrued offering expenses	-	98,627
Accrued expenses	114,432	5,793
<b>Net Cash Used in Operating Activities</b>	<u>(174,968,316)</u>	<u>(42,999,827)</u>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from common shares issued	201,652,500	76,175,200
Offering costs	(738,697)	(1,077,166)
<b>Net Cash Provided by Financing Activities</b>	<u>200,913,803</u>	<u>75,098,034</u>
<b>Total Increase in Cash Balance</b>	25,945,487	32,098,207
Cash Balance at Beginning of Period	385,995	-
<b>Cash Balance at End of Period</b>	<u>\$ 26,331,482</u>	<u>\$ 32,098,207</u>
<b>Non-Cash Operating Items</b>		
Structured note exchanged for common shares	\$ 3,002,665	\$ -
Structured notes converted to preferred shares	\$ 924,651	\$ -
Warrants exercised for preferred shares	\$ 53,665	\$ -
<b>Non-Cash Financing Items</b>		
Decrease in deferred offering costs	\$ -	\$ 57,176
Increase in offering costs	\$ -	\$ (57,176)

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**September 30, 2012**  
**(Unaudited)**

<u>Portfolio Investments*</u>	<u>Headquarters / Industry</u>	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
<b><u>2tor, Inc.</u></b>					
	Landover, MD				
Common shares	Online Education	1,151,802	\$ 8,757,599	\$ 8,730,846	3.36%
Preferred shares, Series A		167,431	1,273,125	1,269,154	0.49%
Total			10,030,724	10,000,000	3.85%
<b><u>AltEgo, LLC</u></b>					
	Santa Monica, CA				
Preferred shares, Series B-2	Social Media Customer Acquisition Platform	1,400,000	1,420,406	1,400,000	0.54%
<b><u>AlwaysOn, Inc. (1) (2)</u></b>					
	Woodside, CA				
Preferred shares, Series A	Social Media	1,066,626	1,027,391	1,087,955	0.42%
<b><u>Avenues World Holdings LLC</u></b>					
	New York, NY				
Preferred shares, Class A-1	Globally-focused Private School	5,000,000	10,026,573	10,000,000	3.85%
<b><u>Bloom Energy Corporation</u></b>					
	Sunnyvale, CA				
Common shares	Fuel Cell Energy	201,589	3,855,601	3,678,999	1.42%
<b><u>Chegg, Inc.</u></b>					
	Santa Clara, CA				
Common shares	Textbook Rental	1,274,193	10,012,543	10,193,544	3.92%
Preferred shares, Series F		500,000	4,008,654	4,000,000	1.54%
Total			14,021,197	14,193,544	5.46%
<b><u>Control4 Corporation</u></b>					
	Salt Lake City, UT				
Common shares	Home Automation	3,650,667	6,274,551	5,950,587	2.29%
<b><u>CUX, Inc. (2)</u></b>					
	San Francisco, CA				
Preferred shares, Series C	Corporate Education	246,305	2,006,077	2,000,000	0.77%
<b><u>Dailybreak, Inc. (2)</u></b>					
	Boston, MA				
Preferred shares, Series A-1	Social Advertising	1,545,181	2,000,000	2,000,000	0.77%
<b><u>Dataminr, Inc.</u></b>					
	New York, NY				
Preferred shares, Series B	Social Media Analytics	904,977	2,060,602	1,999,999	0.77%
<b><u>DreamBox Learning, Inc.</u></b>					
	Bellevue, WA				
Preferred shares, Series A	Education Technology	3,579,610	758,017	750,000	0.29%
<b><u>Dropbox, Inc.</u></b>					
	San Francisco, CA				
Common share	Online	760,000	8,640,940	8,360,000	3.22%
Preferred shares, Series A-1	Storage	552,486	5,015,333	6,077,346	2.34%
Total			13,656,273	14,437,346	5.56%

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2012**  
**(Unaudited)**

<u>Portfolio Investments*</u>	<u>Headquarters / Industry</u>	<u>Shares / Capital Contribution</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
<b>Facebook, Inc.</b> <sup>(3)</sup>					
Common shares, Class B	Menlo Park, CA Social Networking	350,000	\$ 10,472,294	\$ 6,898,710	2.65%
<b>Fullbridge, Inc.</b> <sup>(2)</sup>					
Preferred shares, Series C	Cambridge, MA Business Education	1,196,809	2,250,001	2,250,000	0.87%
<b>Gilt Groupe, Inc.</b>					
Common shares	New York, NY e-Commerce Flash Sales	248,600	6,594,346	5,469,200	2.10%
<b>Global Education Learning (Holdings) Ltd.</b> <sup>(2)</sup>					
Preferred shares, Series A	Hong Kong Education Technology	1,472,175	2,999,998	2,999,998	1.15%
<b>Grockit, Inc.</b> <sup>(2)</sup>					
Preferred shares, Series D	San Francisco, CA Online Test Preparation	2,728,252	2,005,945	2,000,000	0.77%
<b>Groupon, Inc.</b> <sup>(4)</sup>					
Common shares	Chicago, IL Online Deals	80,000	2,128,774	381,600	0.15%
<b>Kno, Inc.</b>					
Preferred shares, Series C	Santa Clara, CA Digital	440,313	2,262,006	2,250,000	0.87%
Preferred shares, Series C-1	Textbooks	1	7,510,334	7,500,000	2.89%
Common shares		50,000	214,681	205,000	0.08%
Total			<u>9,987,021</u>	<u>9,955,000</u>	<u>3.84%</u>
<b>Maven Research, Inc.</b> <sup>(2)</sup>					
Preferred shares, Series B	San Francisco, CA Knowledge	49,505	217,206	200,000	0.08%
Preferred shares, Series C	Networks	318,979	1,999,998	1,999,998	0.77%
Total			<u>2,217,204</u>	<u>2,199,998</u>	<u>0.85%</u>
<b>NestGSV, Inc.</b> <sup>(2)</sup>					
Preferred shares, Series A	Redwood City, CA Incubator	1,000,000	1,021,778	1,000,000	0.38%
<b>NestGSV Silicon Valley, LLC</b> <sup>(2)</sup>					
Common membership interest	Redwood City, CA Incubator	\$ 500,000	500,000	500,000	0.19%
<b>Neuron Fuel, Inc.</b>					
Preferred shares, Series AAI	San Jose, CA Computer Software	250,000	262,530	250,000	0.10%
<b>NewZoom, Inc. (d/b/a ZoomSystems)</b>					
Preferred shares, Series A	San Francisco, CA Smart e-tail (Retail)	1,250,000	260,476	250,000	0.10%

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2012**  
**(Unaudited)**

Portfolio Investments*	Headquarters / Industry	Shares	Cost	Fair Value	% of Net Assets
<b><u>Palantir Technologies, Inc.</u></b>					
	Palo Alto, CA				
Common shares, Class A	Cyber Security	7,045,690	\$ 19,780,613	\$ 19,747,501	7.60%
Preferred shares, Series G		326,797	1,008,968	999,999	0.38%
Total			20,789,581	20,747,500	7.98%
<b><u>Serious Energy, Inc.</u></b>					
	Sunnyvale, CA				
Common shares	Green Materials	178,095	739,130	-	-%
<b><u>SharesPost, Inc.</u></b>					
	San Bruno, CA				
Preferred shares, Series B	Online	1,771,653	2,257,984	2,256,752	0.87%
Common warrants, \$0.13 strike price, expire 6/15/2018	Marketplace (Finance)	770,934	23,128	8,480	-%
Total			2,281,112	2,265,232	0.87%
<b><u>Silver Spring Networks, Inc.</u></b>					
	Redwood City, CA				
Common shares	Smart Grid	510,143	5,145,271	3,275,118	1.26%
<b><u>SinoLending Ltd.</u> <sup>(2)</sup></b>					
	Shanghai, China				
Preferred shares, Class A	Chinese P2P Lending	6,414,368	501,998	500,000	0.19%
<b><u>Solexel, Inc.</u></b>					
	Milpitas, CA				
Preferred shares, Series C	Solar Power	4,576,659	10,016,559	10,000,000	3.85%
<b><u>Spotify Technology S.A.</u></b>					
	Stockholm, Sweden				
Common shares	Music Streaming Service	3,658	3,598,472	3,589,659	1.38%
<b><u>StormWind, LLC</u> <sup>(2)</sup></b>					
	Scottsdale, AZ				
Preferred shares, Series B	Interactive Learning Platform	3,279,629	2,019,687	2,000,000	0.77%
<b><u>Strategic Sports Solutions, LLC</u> <sup>(2)</sup></b>					
	New York, NY				
Preferred shares, Class A1	Sports Analytics	500,000	529,522	500,000	0.19%
<b><u>SugarCRM, Inc.</u></b>					
	Cupertino, CA				
Common shares	Customer Relationship Manager	432,500	1,521,100	1,513,750	0.58%
<b><u>The Echo System Corp.</u> <sup>(1) (2)</sup></b>					
	New York, NY				
Preferred shares, Series A	Social Analytics	512,365	1,436,404	1,639,568	0.63%
Preferred warrants, \$0.20 strike price, expire 11/14/2016		68,359	75,988	70,394	0.03%
Total			1,512,392	1,709,962	0.66%

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2012**  
**(Unaudited)**

<b>Portfolio Investments*</b>	<b>Headquarters / Industry</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
<b><u>The rSmart Group, Inc.</u></b>	Scottsdale, AZ				
Preferred shares, Series B	Higher Education Learning Platform	1,201,923	\$ 1,266,940	\$ 1,250,000	0.48%
<b><u>Top Hat 430, Inc.</u> <sup>(2)</sup></b>	Shakopee, MN				
Preferred shares, Series A	Jewelry Retailing Technology	1,777,778	4,015,179	4,000,001	1.54%
<b><u>Totus Solutions, Inc.</u> <sup>(2)</sup></b>	Carrollton, TX				
Common shares	LED Lighting	20,000,000	5,023,748	5,000,000	1.92%
<b><u>TrueCar, Inc.</u></b>	Santa Monica, CA				
Common shares	Online Marketplace (Cars)	377,358	2,014,863	2,011,318	0.77%
<b><u>Twitter, Inc.</u></b>	San Francisco, CA				
Common shares	Social	1,835,600	31,755,821	34,876,400	13.42%
Preferred shares, Series A	Communication	65,000	1,235,290	1,235,000	0.47%
Total			<u>32,991,111</u>	<u>36,111,400</u>	<u>13.89%</u>
<b><u>Violin Memory, Inc.</u></b>	Mountain View, CA				
Preferred shares, Series B	Flash	800,000	4,800,798	4,800,000	1.85%
Preferred shares, Series D	Memory	1,666,666	10,018,045	9,999,996	3.85%
Total			<u>14,818,843</u>	<u>14,799,996</u>	<u>5.70%</u>
<b><u>Whittle Schools, LLC</u> <sup>(2)</sup></b>	New York, NY				
Preferred shares, Series B	Education Technology	1,500,000	1,500,000	1,500,000	0.58%
<b><u>ZocDoc Inc.</u></b>	New York, NY				
Preferred shares, Series A	Online Medical Scheduling	200,000	3,563,178	3,500,000	1.35%
<b><u>Zynga, Inc.</u></b>	San Francisco, CA				
Common shares	Social Gaming	533,333	3,003,462	1,514,666	0.58%
<b>Total Portfolio Investments</b>			<u>\$ 224,689,927</u>	<u>\$ 217,441,538</u>	<u>83.68%</u>

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)**  
**September 30, 2012**  
**(Unaudited)**

<u>Non-Portfolio Investments</u>	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
<b>Money Market Funds <sup>(1)</sup></b>				
<b>Fidelity Institutional Money Market Funds</b>				
Money Market Portfolio	8,000,000	\$ 8,000,000	\$ 8,000,000	3.08%
Prime Money Market Portfolio	8,000,000	8,000,000	8,000,000	3.08%
Total Money Market Funds		<u>16,000,000</u>	<u>16,000,000</u>	<u>6.16%</u>
<b>Total Investments</b>		<u>\$ 240,689,927</u>	<u>\$ 233,441,538</u>	<u>89.84%</u>

\* 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.

<sup>(1)</sup> Investment is income producing.

<sup>(2)</sup> 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 but less than 25% of the voting securities of such company.

<sup>(3)</sup> 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 expires on November 14, 2012. At September 30, 2012, GSV Capital Corp. valued Facebook based on its September 28, 2012 closing price, less a discount for the lock-up restriction.

<sup>(4)</sup> 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 September 30, 2012, GSV Capital Corp. valued Groupon, Inc. based on its September 28, 2012 closing price.

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2011**

<u>Portfolio Investments*</u>	<u>Headquarters / Industry</u>	<u>Shares / Par Amount</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
<b><u>Bloom Energy Corporation</u></b>					
Common shares	Sunnyvale, CA Fuel Cell Energy	96,389	\$ 1,815,818	\$ 1,771,335	2.48%
<b><u>Chegg, Inc.</u></b>					
Common shares	Santa Clara, CA Textbook Rental	774,193	6,003,694	5,999,996	8.39%
<b><u>Control4 Corporation</u></b>					
Common shares	Salt Lake City, UT Home Automation	666,667	1,034,827	1,000,000	1.40%
<b><u>DreamBox Learning, Inc.</u></b>					
Preferred shares, Series A	Bellevue, WA Education Technology	3,579,610	757,955	750,000	1.05%
<b><u>Dropbox, Inc.</u></b>					
Preferred shares, Series A	San Francisco, CA Online Storage	552,486	5,015,333	4,999,998	6.99%
<b><u>Facebook, Inc.</u></b>					
Common shares, Class B	Palo Alto, CA Social Networking	350,000	10,465,981	10,462,500	14.63%
<b><u>Gilt Groupe, Inc.</u></b>					
Common shares	New York, NY e-Commerce Flash Sales	203,100	5,576,979	5,499,250	7.69%
<b><u>Grockit, Inc.</u></b>					
Preferred shares, Series B	San Francisco, CA Online Test Preparation	2,728,252	2,005,945	2,000,000	2.80%
<b><u>Groupon, Inc.</u> <sup>(2)</sup></b>					
Common shares	Chicago, IL Online Deals	80,000	2,128,585	1,188,288	1.66%
<b><u>Kno, Inc.</u></b>					
Preferred shares, Series C	Santa Clara, CA Digital	440,313	2,262,006	2,250,000	3.15%
Common shares	Textbooks	50,000	214,303	205,000	0.29%
Total			<u>2,476,309</u>	<u>2,455,000</u>	<u>3.44%</u>
<b><u>PJB Fund LLC</u> <sup>(1) (3)</sup></b>					
Structured note, 10%, due 8/15/2012	San Francisco, CA Social Gaming	\$ 4,000,000	4,029,259	4,000,000	5.59%
<b><u>Serious Energy, Inc.</u></b>					
Common shares	Sunnyvale, CA Green Materials	178,095	739,130	712,380	1.00%

See Notes to the Consolidated Financial Statements.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**SCHEDULE OF INVESTMENTS (continued)**  
**December 31, 2011**

Portfolio Investments*	Headquarters / Industry	Shares / Par Amount	Cost	Fair Value	% of Net Assets
<b><u>SharesPost, Inc.</u></b> San Bruno, CA					
Preferred shares, Series B	Online	1,776,970	\$ 2,257,984	\$ 2,256,752	3.16%
Common warrants, \$0.13 strike price, expire 6/15/2018	Marketplace (Finance)	770,934	23,128	17,731	0.02%
Total			<u>2,281,112</u>	<u>2,274,483</u>	<u>3.18%</u>
<b><u>Silver Spring Networks, Inc.</u></b> Redwood City, CA					
Common shares	Smart Grid	110,143	1,153,381	1,101,430	1.54%
<b><u>StormWind, LLC</u></b> Scottsdale, AZ					
Preferred shares, Series B	Electronic	1,711,111	959,209	946,335	1.32%
Preferred warrants, \$0.64 strike price, expire 12/1/2012	Marketing and Business Services	1,568,518	53,665	53,665	0.08%
Total			<u>1,012,874</u>	<u>1,000,000</u>	<u>1.40%</u>
<b><u>The Echo System Corp.</u> <sup>(1)</sup></b> New York, NY					
Structured note, 6%, due 1/28/2013, and warrant, \$0.20 strike price, expires 11/14/2016	Social Analytics	\$ 500,000	505,823	500,000	0.70%
<b><u>The rSmart Group, Inc.</u></b> Scottsdale, AZ					
Preferred shares, Series B	Higher Education Learning Platform	480,769	513,311	500,000	0.70%
<b><u>TrueCar, Inc.</u></b> Santa Monica, CA					
Common shares	Online Marketplace (Cars)	377,358	2,014,551	1,999,997	2.80%
<b><u>Twitter, Inc.</u></b> San Francisco, CA					
Common shares	Social Communication	735,600	12,304,345	12,113,493	16.94%
<b><u>ZocDoc Inc.</u></b> New York, NY					
Preferred shares	Online Medical Scheduling	200,000	3,563,178	3,500,000	4.89%
<b><u>ZoomSystems</u></b> San Francisco, CA					
Preferred shares, Series A	Smart e-tail (Retail)	1,250,000	260,476	250,000	0.35%
<b>Total Portfolio Investments</b>			<u>\$ 65,658,866</u>	<u>\$ 64,078,150</u>	<u>89.62%</u>

See Notes to the Consolidated Financial Statements.

**GSVq CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**SCHEDULE OF INVESTMENTS (continued)**  
**December 31, 2011**

Non-Portfolio Investments	Headquarters / Industry	Shares / Par Amount	Cost	Fair Value	% of Net Assets
<b>United States Treasury</b> <sup>(1)</sup>					
United States Treasury Bill, 0%, due 1/26/2012		\$ 20,000,000	\$ 19,999,128	\$ 20,000,044	27.97%
<b>Money Market Funds</b> <sup>(1)</sup>					
Fidelity Institutional Money Market Funds					
Money Market Portfolio		3,500,000	3,500,000	3,500,000	4.89%
Prime Money Market Portfolio		3,500,000	3,500,000	3,500,000	4.89%
<b>Total Money Market Funds</b>			<u>7,000,000</u>	<u>7,000,000</u>	<u>9.78%</u>
<b>Total Investments</b>			<u>\$ 92,657,994</u>	<u>\$ 91,078,194</u>	<u>127.37%</u>

\* 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.

<sup>(1)</sup> Investment is income producing.

<sup>(2)</sup> 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 are subject to a lock-up agreement that expires on June 1, 2012.

<sup>(3)</sup> Represents a \$4 million unsecured promissory note with an interest rate of 10% and maturity date of August 15, 2012 that was issued by PJB Fund LLC that may be repaid, at PJB Fund LLC's election, either by transfer of a certain number of shares of common stock of Zynga, Inc. or with a cash amount of equivalent value. The amount payable under the note will be equal to the face amount, plus the greater of accrued interest (at a rate of 10%) or a return based on the relative value of Zynga, Inc. To the extent the borrower repays the note in cash, GSV Capital Corp. would have no further direct or indirect interest in Zynga, Inc. On December 15, 2011, Zynga, Inc. priced its initial public offering, selling 100,000,000 shares at a price of \$10.00 per share.

See Notes to the Consolidated Financial Statements.

---

**GSV CAPITAL CORP. AND SUBSIDIARY**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

GSV Capital Corp. (formerly NeXt Innovation 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 (formerly NeXt Asset Management, “GSV Asset Management”).

The Company’s date of inception is January 6, 2011, which is the date it commenced its development stage activities. On February 28, 2011, the Company, which had not yet begun investment operations, issued 100 shares which were owned by an officer of the Company who is also a principal of GSV Asset Management. On April 28, 2011, the Company priced its initial public offering, selling 3,335,000 shares at a price of \$15.00 per share. The initial public offering closed on May 3, 2011, resulting in net proceeds to the Company of approximately \$46.5 million. 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.

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 March 28, 2011, the board of directors (the “Board”) of the Company approved Articles of Amendment and Restatement, reflecting a change in the Company’s name from NeXt BDC Capital Corp. to NeXt Innovation Corp., which Articles of Amendment and Restatement became effective upon filing with the State Department of Assessment and Taxation of the State of Maryland on March 29, 2011. Then, on May 26, 2011, the board of directors of the Company approved Articles of Amendment, reflecting a change in the Company’s name from NeXt Innovation Corp. to GSV Capital Corp., which Articles of Amendment became effective upon filing with the State Department of Assessment and Taxation of the State of Maryland on May 26, 2011.

On September 26, 2011, the Company priced a follow-on equity offering, selling 2,185,000 of common shares at a price of \$14.15 per share, including an exercise in full by the underwriters of their option to purchase an additional 285,000 shares of common stock to cover overallocments. The follow-on equity offering resulted in net proceeds to the Company of approximately \$29.6 million.

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 overallocments. 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, 2012. 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, 2011.

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.

### ***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.

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.

### **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 also invests 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, are included in the cost basis of purchases and deducted from the proceeds of sales. The Company makes certain acquisitions on the secondary market which involves 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 its right to 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 Statement of Assets and Liabilities as Escrow deposits. At September 30, 2012 and December 31, 2011, the Company had \$0 in Escrow deposits.

### **Payable for Unsettled Securities Transaction**

Payable for unsettled securities transaction relates to the purchase of the United States Treasury Bill that was unsettled at December 31, 2011 and settled in January 2012.

### **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 2011 taxable year and will continue to be taxed as such for its 2012 taxable year, and uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for 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. 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 intends to elect to be treated as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, and intends to operate in a manner so as to qualify for the tax treatment applicable to RICs. 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. So long as the Company 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.

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.

#### ***Organization and Offering Costs***

Organization costs include costs relating to the formation and incorporation of the business. These costs were expensed as incurred. For the three months ended September 30, 2011, and for the period from January 6, 2011 (date of inception) to September 30, 2011, the Company has incurred and expensed organization costs of \$6,336 and \$198,831, respectively. The Company did not incur organization costs for the nine months ended September 30, 2012.

Offering costs include legal fees and other costs pertaining to the public offerings. As of September 30, 2012, \$738,697 of offering costs were offset against capital proceeds from the secondary offerings on May 11, 2012 and February 10, 2012. As of September 30, 2011, \$1,077,166 of offering costs were offset against capital proceeds from the initial public offering on April 28, 2011 and the secondary offering on September 26, 2011. As of December 31, 2011, \$56,436 of offering costs were deferred which were related to our offering on 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. Basic and diluted earnings (loss) per share are the same since there are no potentially dilutive securities outstanding.

#### ***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 difference 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. For the period from January 6, 2011 (date of inception) to December 31, 2011, the net investment loss of \$2,033,864 was determined to be a permanent difference and reduced paid-in capital in excess of par in the Statement of Assets and Liabilities. As of September 30, 2012, the Company determined the net investment loss from 2011 was no longer a permanent difference because the Company is currently taxable as a C corporation and adjusted paid-in capital in excess of par and accumulated net investment loss by \$2,033,864 as of September 30, 2012 on the Statement of Assets and Liabilities.

## ***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 period from the close of the initial public offering through and including December 31, 2011, the fee was payable monthly in arrears, and was calculated based on the initial value of the Company’s assets upon the closing of the public offering. For the three and nine months ended September 30, 2012, GSV Asset Management earned \$1,351,169 and \$3,099,186 in base management fees and \$0 in incentive fees, respectively. For the three months ended September 30, 2011 and for the period from January 6, 2011 (date of inception) to September 30, 2011, GSV Asset Management earned \$233,961 and \$384,904 in base management fees and \$0 in incentive fees, respectively.

As of September 30, 2012, the Company was due \$3,315 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 Statement of Assets and Liabilities.

As of September 30, 2012, the Company owed certain officers and directors \$917 for reimbursements of other expenses. The Company owed GSV Asset Management \$41,197 for reimbursements of travel-related expenses. These are included in the Statement of Assets and Liabilities.

As of December 31, 2011, the Company was due \$13,470 from GSV Asset Management for reimbursement of travel-related expenses paid for by the Company that were the responsibility of GSV Asset Management, and is included in the Statement of Assets and Liabilities.

As of December 31, 2011, the Company owed certain officers and directors \$10,782 for reimbursements of travel-related and other expenses. The Company owed GSV Asset Management \$78,427 for management fees and reimbursements of travel-related and other expenses. These are included in the 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 \$543,171 and \$1,490,966 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 2012, respectively. There were \$192,031 and \$305,066 in such costs incurred under the Administration Agreement for the three months ended September 30, 2011 and for the period from January 6, 2011 (date of inception) to September 30, 2011, 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.

## NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE

At September 30, 2012, the Company had 55 investments in 44 portfolio companies. The total cost and fair value of the 55 positions were \$224,689,927 and \$217,441,538, respectively. At December 31, 2011, the Company had 24 investments in 21 portfolio companies. The total cost and fair value of the 24 positions were \$65,658,866 and \$64,078,150, respectively. The composition of our investments as of September 30, 2012 and December 31, 2011 are as follows:

	September 30, 2012 (Unaudited)		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 129,533,809	\$ 121,396,898	\$ 43,451,594	\$ 42,053,669
Preferred Stock	94,557,002	95,465,766	17,595,397	17,453,085
Common Membership Interest	500,000	500,000	-	-
Structured Note	-	-	4,535,082	4,500,000
Warrants	99,116	78,874	76,793	71,396
Total Portfolio Investments	<u>224,689,927</u>	<u>217,441,538</u>	<u>65,658,866</u>	<u>64,078,150</u>
Non-Portfolio Investments	16,000,000	16,000,000	26,999,128	27,000,044
Total Investments	<u>\$ 240,689,927</u>	<u>\$ 233,441,538</u>	<u>\$ 92,657,994</u>	<u>\$ 91,078,194</u>

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of our Levels 2 and 3 investments as of September 30, 2012.

Asset	Fair Value	Valuation Techniques	Unobservable inputs	Range
Common stock in public company	\$ 6,898,710	Market approach	Discount for lack of marketability	9%
Common stock in private companies	\$ 112,601,922	Market approach	Precedent transactions	N/A
Preferred stock in private companies	\$ 95,465,766	Market approach	Precedent transactions	N/A
Common membership interest	\$ 500,000	Market approach	Precedent transactions	N/A
Warrants	\$ 78,874	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 4.1 years, a stock price of \$3.20 and a volatility of 40%, and the SharesPost, Inc. warrants have an estimated term of 1.8 years, a stock price of \$0.10 and a volatility of 35%.

The significant unobservable input used in the fair value of the common stock in public company is the discount for lack of marketability. A higher discount results in a lower value, all else equal. The significant unobservable inputs used in 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 September 30, 2012 and December 31, 2011 are as follows:

**As of September 30, 2012 (Unaudited)**

	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stock	\$ 1,896,266	\$ 6,898,710	\$ 112,601,922	\$ 121,396,898
Preferred Stock	-	-	95,465,766	95,465,766
Money Market Funds	16,000,000	-	-	16,000,000
Common Membership Interest	-	-	500,000	500,000
Warrants	-	-	78,874	78,874
Total Investments	<u>\$ 17,896,266</u>	<u>\$ 6,898,710</u>	<u>\$ 208,646,562</u>	<u>\$ 233,441,538</u>

**As of December 31, 2011**

	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stock	\$ -	\$ 1,188,288	\$ 40,865,381	\$ 42,053,669
U.S. Treasury Bill	20,000,044	-	-	20,000,044
Preferred Stock	-	-	17,453,085	17,453,085
Money Market Funds	7,000,000	-	-	7,000,000
Structured Note	-	-	4,500,000	4,500,000
Warrants	-	-	71,396	71,396
Total Investments	<u>\$ 27,000,044</u>	<u>\$ 1,188,288</u>	<u>\$ 62,889,862</u>	<u>\$ 91,078,194</u>

The aggregate values of Level 3 portfolio investments changed during the nine months ended September 30, 2012 and the period from January 6, 2011 (date of inception) to December 31, 2011 as follows:

**Nine months ended September 30, 2012 (Unaudited)**

	Common Stock	Preferred Stock	Structured Note	Common Membership Interest	Warrants	Total
Fair value as of December 31, 2011	\$ 40,865,381	\$ 17,453,085	\$ 4,500,000	\$ -	\$ 71,396	\$ 62,889,862
Purchases of investments	83,078,564	75,977,538	854,236	500,000	-	160,410,338
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	(1,980,923)	1,051,076	35,082	-	(14,845)	(909,610)
Transfer to Level 2	(9,361,100)	-	-	-	-	(9,361,100)
Fair Value as of September 30, 2012	<u>\$ 112,601,922</u>	<u>\$ 95,465,766</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 78,874</u>	<u>\$ 208,646,562</u>
Change in unrealized appreciation (depreciation) on Level 3 investments still held as of September 30, 2012	<u>\$ (873,210)</u>	<u>\$ 1,051,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,845)</u>	<u>\$ 163,021</u>

- (1) During the nine months ended September 30, 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. A portion of The Echo System Corp. structured notes attributable to the warrants was reclassified during the same period.

	<b>From January 6, 2011 (date of inception) to December 31, 2011</b>				
	<b>Common Stock</b>	<b>Preferred Stock</b>	<b>Structured Note</b>	<b>Warrants</b>	<b>Total</b>
Fair value as of January 6, 2011	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of investments	43,451,594	17,595,397	4,535,082	76,793	65,658,866
Change in unrealized depreciation included in earnings	(1,397,925)	(142,312)	(35,082)	(5,397)	(1,580,716)
Transfer to Level 2	(1,188,288)	-	-	-	(1,188,288)
Fair value as of December 31, 2011	<u>\$ 40,865,381</u>	<u>\$ 17,453,085</u>	<u>\$ 4,500,000</u>	<u>\$ 71,396</u>	<u>\$ 62,889,862</u>
Change in unrealized depreciation on Level 3 investments still held as of December 31, 2011	<u>\$ (457,628)</u>	<u>\$ (142,312)</u>	<u>\$ (35,082)</u>	<u>\$ (5,397)</u>	<u>\$ (640,419)</u>

During the nine months ended September 30, 2012, there were two transfers between levels. Both 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. 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. are presently subject to a lock-up agreement that expires 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. At September 30, 2012, Groupon, Inc. was valued using the closing price on a public exchange on September 28, 2012. The fair value of Facebook, Inc. was estimated using the closing price on a public exchange as of September 28, 2012, adjusted for a discount due to a lack of marketability of 9% that was primarily based on the market price of publicly traded put options with a similar term as our lock-up as of September 30, 2012.

During the period from January 6, 2011 (date of inception) to December 31, 2011, there was one transfer from Level 3 to Level 2 related to our investment in Groupon, Inc. Due to its public offering in November 2011, observable inputs became available for our valuation as of December 31, 2011. However, during that period, our shares in Groupon, Inc. were subject to a lock-up agreement that was scheduled to expire on June 1, 2012. As such, the fair value for Groupon, Inc. was estimated using the closing price on a public exchange as of the valuation date, adjusted for a discount due to a lack of marketability of 28% that was primarily based on the market price of publicly traded put options with a similar term as our lock-up as of December 31, 2011.

#### NOTE 4 — EQUITY OFFERINGS AND RELATED EXPENSES

We issued 5,520,100 shares of our common stock during the period from January 6, 2011 (date of inception) to December 31, 2011. We issued 13,800,000 shares of our common stock during the nine months ended September 30, 2012. The proceeds raised, the related underwriting fees, the offering expenses and the prices at which these shares were issued are as follows:

<b>Issuances of Common Stock</b>	<b>Number of Shares</b>	<b>Gross Proceeds Raised</b>	<b>Underwriting Fees</b>	<b>Offering Expenses</b>	<b>Offering Price</b>
February 28, 2011	100	\$ 1,500	\$ -	\$ -	\$ 15.00
April 28, 2011	3,335,000	50,025,000	3,501,750	527,166(1)	15.00
September 27, 2011	2,185,000	30,917,750	1,267,300	531,122(2)	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(3)	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 and nine months ended September 30, 2012, for the three months ended September 30, 2011 and for the period from January 6, 2011 (date of inception) to September 30, 2011.

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011 <sup>(1)</sup>
Net decrease in net assets resulting from operations	\$ (6,999,840)	\$ (1,174,258)	\$ (12,557,797)	\$ (1,910,005)
Weighted average common shares	19,320,100	3,430,100	15,013,896	2,460,565
Basic and diluted earnings per common share	\$ (0.36)	\$ (0.34)	\$ (0.84)	\$ (0.78) <sup>(2)</sup>

(1) For the period from January 6, 2011 (date of inception) to September 30, 2011.

(2) Weighted average common shares for the period from January 6, 2011 (date of inception) to September 30, 2011 was calculated starting from the issuance of 100 shares on February 28, 2011.

#### 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.

#### NOTE 7 — FINANCIAL HIGHLIGHTS

	Three months ended September 30, 2012	Three months ended September 30, 2011
<b>Per Share Data:</b>		
Net asset value at beginning of period	\$ 13.81	\$ 13.57
Issuance of common shares	-	-
Accretion from offering	-	0.23 <sup>(2)</sup>
Underwriters' discount	-	(0.23) <sup>(2)</sup>
Offering costs	-	(0.10) <sup>(2)</sup>
Net investment loss	(0.12) <sup>(1)</sup>	(0.12) <sup>(2)</sup>
Realized loss	-	-
Change in unrealized depreciation	(0.24) <sup>(5)</sup>	(0.09) <sup>(2)</sup>
Net asset value at end of period	\$ 13.45	\$ 13.26
Per share market value at end of period	\$ 8.63	\$ 13.56
Total return based on market value	(7.20)% <sup>(6)</sup>	(2.66)% <sup>(6)</sup>
Total return based on net asset value	(2.61)% <sup>(6)</sup>	(2.28)% <sup>(6)</sup>
Shares outstanding at end of period	19,320,100	5,520,100
<b>Ratio / Supplemental Data:</b>		
Net assets at end of period	\$ 259,859,254	\$ 73,188,030
Average net assets	\$ 263,278,115	\$ 45,046,867
Annualized ratio of gross operating expenses to average net assets <sup>(8)</sup>	3.54%	6.49%
Annualized ratio of net operating expenses to average net assets <sup>(8)</sup>	3.54%	6.49%
Annualized ratio of net investment income to average net assets <sup>(8)</sup>	(3.52)%	(6.01)%

	Nine months ended September 30, 2012	For the period from January 6, 2011 (date of inception) to September 30, 2011	For the period from January 6, 2011 (date of inceptions) to December 31, 2011
<b>Per Share Data:</b>			
Net asset value at beginning of period	\$ 12.95	\$ -	\$ -
Issuance of common shares	1.91 <sup>(3)</sup>	14.67 <sup>(4)</sup>	14.67 <sup>(4)</sup>
Accretion from offering	-	-	-
Underwriters' discount	(0.72) <sup>(2)</sup>	(0.86) <sup>(2)</sup>	(0.86) <sup>(2)</sup>
Offering costs	(0.04) <sup>(2)</sup>	(0.20) <sup>(2)</sup>	(0.19) <sup>(2)</sup>
Net investment loss	(0.37) <sup>(1)</sup>	(0.25) <sup>(2)</sup>	(0.37) <sup>(2)</sup>
Realized loss	(0.07) <sup>(2)</sup>	-	-
Change in unrealized depreciation	(0.21) <sup>(5)</sup>	(0.10) <sup>(2)</sup>	(0.30) <sup>(2)</sup>
Net asset value at end of period	\$ 13.45	\$ 13.26	\$ 12.95
Per share market value at end of period	\$ 8.63	\$ 13.56	\$ 13.95
Total return based on market value	(38.14)% <sup>(6)</sup>	(9.60)% <sup>(7)</sup>	(7.00)% <sup>(7)</sup>
Total return based on net asset value	3.86% <sup>(6)</sup>	(11.60)% <sup>(7)</sup>	(13.67)% <sup>(7)</sup>
Shares outstanding at end of period	19,320,100	5,520,100	5,520,100
<b>Ratio / Supplemental Data:</b>			
Net assets at end of period	\$ 259,859,254	\$ 73,188,030	\$ 71,503,248
Average net assets	\$ 190,300,817	\$ 32,432,765	\$ 44,532,523

Annualized ratio of gross operating expenses to average net assets <sup>(8)</sup>	4.03%	5.72%	5.01%
Annualized ratio of net operating expenses to average net assets <sup>(8)</sup>	4.03%	5.72%	5.01%
Annualized ratio of net investment income to average net assets <sup>(8)</sup>	(3.86)%	(5.49)%	(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 nine months ended September 30, 2012 is based on the change in net asset value from the secondary offerings on February 10, 2012 and May 11, 2012.
- (4) Issuance of common shares for the period from January 6, 2011 (date of inception) to September 30, 2011 and 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.
- (5) 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.
- (6) 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 issuance 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.
- (7) 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.
- (8) 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 three months ended September 30, 2011, for the period from January 6, 2011 (date of inception) to September 30, 2011 and for the period from January 6, 2011 (date of inception) to December 31, 2011, the Company incurred \$6,336, \$198,831 and \$198,831 of organizational expenses, respectively, which were deemed to be non-recurring. 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 is currently taxable as a C corporation and subject to federal and state corporation income taxes. However, the Company recorded no current income tax expense or benefit during the three-month and nine-month periods ended September 30, 2012 since it had net operating loss carry-forwards from prior years and expects a net operating loss for the 2012 tax year.

The Company recorded no deferred income tax expense or benefit during the three-month and nine-month periods ended September 30, 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. As of September 30, 2012, the total amount of gross deferred tax assets before valuation allowance was \$6,927,402. The federal and state net operating losses will expire in 2031 through 2033. The federal and state capital loss will expire in 2017.

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. The Company will elect to be treated for federal income tax purposes as a RIC beginning with its 2013 taxable year and anticipates meeting all the requirements as a RIC. 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. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company disqualify 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 unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and California. For the nine months ended September 30, 2012, no income tax expenses or related liabilities for uncertain tax positions were recognized for the Company's open tax years from inception through 2012. 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 September 30, 2012, the Company closed on investments of \$4.7 million, plus transaction costs as follows:

The Company closed on an investment of \$3,000,000, plus transaction costs, in Parchment, Inc., an education data company, on October 1, 2012.

The Company closed on an investment of \$270,000, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on October 17, 2012.

The Company closed on an investment of \$735,000, plus transaction costs, in Control4 Corporation, a smart home automation company, on October 19, 2012.

The Company closed on an investment of \$500,000, plus transaction costs, in Ozy Media, Inc., a social media company, on November 2, 2012.

The Company closed on an investment of \$150,000, plus transaction costs, in Top Hat 430, Inc., an internet commerce company, on November 2, 2012.

## 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,” “believes,” “seeks,” “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, 2011 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 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 media, mobility, cloud computing, software-as-a-service, 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 anticipate that substantially all of the net proceeds of our follow-on offerings, which closed in February and May 2012, will be used for the above purposes within six to 12 months, depending on the availability of investment opportunities that are consistent with our investment objectives and market conditions.

We seek to create a low-turnover portfolio that includes investments in companies representing a broad range of investment themes. As of September 30, 2012, we have completed investments in 44 companies for aggregate consideration of approximately \$224.1 million (exclusive of transaction fees and costs), or 80.6% of the net proceeds from our initial public offering and subsequent follow-on offerings. We expect that the total number of portfolio companies in which we are invested will increase as our equity capital base grows.

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 nine months ended September 30, 2012 include:

We closed on an investment of \$100,000, plus transaction costs, in AlwaysOn, LLC, a social media company, on January 10, 2012.

We closed on an investment of \$200,000, plus transaction costs, in Maven Research, Inc., a global knowledge marketplace, on February 28, 2012.

We closed on an investment of \$500,000, plus transaction costs, in AltEgo, LLC, an avatar technology and games developer, on February 29, 2012.

We closed on an investment of \$4,000,000, plus transaction costs, in Chegg, Inc., an online textbook rental company, on March 7, 2012.

We closed on an investment of \$150,000, plus transaction costs, in AlwaysOn, LLC, a social media company, on March 9, 2012.

We closed on an investment of \$250,000, plus transaction costs, in The Echo System Corp., a social analytics company, on March 21, 2012.

We closed on an investment of \$1,000,000, plus transaction costs, in StormWind, LLC, an electronic marketing and business services platform, on March 23, 2012.

We closed on an investment of \$855,000, plus transaction costs, in Bloom Energy Corporation, a fuel cell energy company, on March 28, 2012.

We closed on an investment of \$2,000,000, plus transaction costs, in CUX, Inc., a corporate education company, on March 29, 2012.

We closed on an investment of \$750,000, plus transaction costs, in The Echo System Corp., a social media company, on March 30, 2012.

We closed on an investment of \$750,000, plus transaction costs, in The rSmart Group, Inc., a higher education learning platform, on March 30, 2012.

We closed on an investment of \$1,143,800, plus transaction costs, in Bloom Energy Corporation, a fuel cell energy company, on April 4, 2012.

We closed on an investment of \$9,999,996, plus transaction costs, in Violin Memory, Inc., a flash memory company, on April 11, 2012.

We closed on an investment of \$4,000,000, plus transaction costs, in Top Hat, Inc., an internet commerce company, on April 13, 2012.

We closed on investments of \$2,369,500, \$1,277,500 and \$350,000, plus transaction costs, in Control4 Corporation, a smart home automation company, on April 18, 2012, April 19, 2012 and April 20, 2012, respectively.

We closed on an investment of \$2,999,998, plus transaction costs, in Global Education Learning (Holdings) Ltd., an Asia-focused education technology company, on April 19, 2012.

We closed on investments of \$5,312,492, \$4,875,010 and \$7,312,498, plus transaction costs, in Twitter, Inc., a social communication company, on April 25, 2012, April 27, 2012, and April 30, 2012, respectively.

We closed on an investment of \$3,800,000, plus transaction costs, in Silver Spring Networks, Inc., a smart grid company, on May 1, 2012.

We closed on an investment of \$1,969,996, plus transaction costs, in Fullbridge, Inc., a business education company, on May 4, 2012.

We closed on investments of \$888,384 and \$2,674,048, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on May 7, 2012 and May 11, 2012, respectively.

We closed on an investment of \$10,000,000, plus transaction costs, in Avenues World Holdings LLC, a globally-focused private school, on May 9, 2012.

We closed on an investment of \$6,858,500, plus transaction costs, in Dropbox, Inc., an online storage service, on May 11, 2012.

We closed on an investment of \$200,000, plus transaction costs, in AltEgo, LLC, an avatar technology and games developer, on May 11, 2012.

We closed on an investment of \$280,005, plus transaction costs, in Fullbridge, Inc., a business education company, on May 15, 2012.

We closed on investments of \$40,500, \$67,500 and \$540,000, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on May 16, 2012, May 21, 2012 and May 22, 2012, respectively.

We closed on an investment of \$4,800,000, plus transaction costs, in Violin Memory, Inc., a flash memory company, on May 22, 2012.

We closed on an investment of \$1,000,000, plus transaction costs, in NestGSV, Inc., an entrepreneurial education company, on May 25, 2012.

We closed on an investment of \$1,900,000, plus transaction costs, in Twitter, Inc., a social communication company, on June 1, 2012.

We closed on an investment of \$300,000, plus transaction costs, in AltEgo, LLC, an avatar technology and games developer, on June 15, 2012.

We closed on an investment of \$10,000,000, plus transaction costs, in Solexel, Inc., a solar power company, on June 18, 2012.

We closed on investments of \$2,400,000 and \$1,600,000, plus transaction costs, in Chegg, Inc., an online textbook rental company, on June 20, 2012 and June 25, 2012, respectively.

We closed on an investment of \$7,500,000, plus transaction costs, in Kno, Inc., an education software company, on June 27, 2012.

We closed on an investment of \$2,000,000, plus transaction costs, in Dailybreak, Inc., a social advertising company, on June 29, 2012.

We closed on an investment of \$1,999,999, plus transaction costs, in Dataminr, Inc., a social media analytics company, on July 2, 2012.

We closed on an investment of \$1,999,998, plus transaction costs, in Maven Research, Inc., a global knowledge marketplace, on July 2, 2012.

We closed on an investment of \$500,000, plus transaction costs, in NestGSV Silicon Valley, LLC, an entrepreneurial education company, on July 10, 2012.

We closed on an investment of \$1,202,500, plus transaction costs, in Twitter, Inc., a social communication company, on July 10, 2012.

We closed on an investment of \$10,000,000, plus transaction costs, in 2tor, Inc., an online education company, on July 16, 2012.

We closed on an investment of \$5,000,000, plus transaction costs, in Totus Solutions, Inc., an LED lighting company, on July 20, 2012.

We closed on investments of \$999,999, \$15,228,070 and \$135,000, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on July 24, 2012, July 27, 2012 and July 31, 2012, respectively.

We closed on an investment of \$1,001,000, plus transaction costs, in Gilt Groupe, Inc., an eCommerce platform, on July 27, 2012.

We closed on an investment of \$400,000, plus transaction costs, in AltEgo, LLC, an avatar technology and games developer, on August 7, 2012.

We closed on an investment of \$500,000, plus transaction costs, in SinoLending Ltd, a Chinese P2P lending platform, on August 7, 2012.

We closed on an investment of \$3,589,659, plus transaction costs, in Spotify Technology S.A., a music streaming service, on August 7, 2012.

We closed on an investment of \$250,000, plus transaction costs in Neuron Fuel, Inc., a computer software company, on August 8, 2012.

We closed on an investment of \$1,190,000, plus transaction costs, in Control4 Corporation, a smart home automation company, on August 15, 2012.

We closed on an investment of \$174,000, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on August 24, 2012.

We closed on an investment of \$500,000, plus transaction costs, in Strategic Sports Solutions, LLC, a sports analytics company, on August 31, 2012.

We closed on an investment of \$1,760,000, plus transaction costs, in Dropbox, Inc., an online storage service, on September 4, 2012.

We closed on an investment of \$1,500,000, plus transaction costs, in Whittle Schools, LLC, an affiliate of Avenues World Holdings LLC, on September 6, 2012.

We closed on an investment of \$733,493, plus transaction costs, in AlwaysOn, Inc., a social media company, on September 7, 2012.

We closed on an investment of \$1,513,750, plus transaction costs, in SugarCRM Inc., a customer relationship management company, on September 12, 2012.

The fair value, as of September 30, 2012, of all of our portfolio investments was \$217,441,538. In addition, we held \$16,000,000 in two money market funds as of September 30, 2012. We also held \$26,331,482 in unrestricted cash on September 30, 2012.

## **Results of Operations**

### ***Comparison of the three months ended September 30, 2012 and 2011***

#### ***Investment Income***

For the three months ended September 30, 2012, we had investment income of \$13,928, or \$0.00 per share, which consisted of \$7,063 of interest income from our portfolio investments and \$6,865 of dividend income from our money market investments.

For the three months ended September 30, 2011, we had investment income of \$53,408, or \$0.02 per share, which consisted of \$52,222 of interest income from our portfolio investments and \$1,186 of dividend income from our money market investments.

The decrease in investment income for the three months ended September 30, 2012 relative to the three months ended September 30, 2011 was primarily due to us no longer carrying fixed income investments as of September 30, 2012.

#### ***Operating Expenses***

For the three months ended September 30, 2012, we had \$2,348,496 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 September 30, 2012, was \$1,351,169, 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 2011 as a result of the increase in our gross assets. Costs incurred under our administration agreement for the three months ended September 30, 2012, were \$543,171. Professional fees, consisting of legal, valuation, audit and consulting fees, were approximately \$242,683 for the three months ended September 30, 2012.

For the three months ended September 30, 2011, we had \$733,496 in total operating expenses consisting primarily of legal, audit and consulting fees, in addition to organizational expenses, investment management fees and administration fees. The investment advisory fee for the three months ended September 30, 2011 was \$233,961, representing the base management fee as provided for in our investment advisory agreement. Costs incurred under our administration agreement for the three months ended September 30, 2011, were \$192,031. Professional fees, consisting of legal, valuation, audit and consulting fees, were approximately \$152,916 for the three months ended September 30, 2011.

#### ***Net Decrease in Net Assets***

For the three months ended September 30, 2012, we had a net change in unrealized depreciation of \$4,665,272, or \$0.24 per share. The change in unrealized depreciation is primarily a result of our investment in Facebook, Inc. Net investment loss was \$2,334,568, or \$0.12 per share, for the three months ended September 30, 2012, resulting primarily from operating expenses incurred during the quarter. Net decrease in net assets resulting from operations was \$6,999,840, or \$0.36 per share, for the three months ended September 30, 2012.

For the three months ended September 30, 2011, we had a net change in unrealized depreciation of \$494,170, or \$0.14 per share. Net investment loss was \$680,088, or \$0.20 per share, for the three months ended September 30, 2011. Net decrease in net assets resulting from operations was \$1,174,258, or \$0.34 per share, for the three months ended September 30, 2011.

The per share figures noted above are based on a weighted-average of 19,320,100 and 3,430,100 shares outstanding for the three months ended September 30, 2012 and 2011, respectively.

***Comparison of the nine months ended September 30, 2012 and the period from January 6, 2011 (date of inception) to September 30, 2011***

As January 6, 2011 was our date of inception and April 28, 2011 was the date of our initial public offering, the period from January 6, 2011 to September 30, 2011 is not a directly comparable period to the nine months ended September 30, 2012.

***Investment Income***

For the nine months ended September 30, 2012, we had investment income of \$242,087, or \$0.02 per share, which consisted of \$222,047 of interest income from our portfolio investments and \$20,040 of dividend income from our money market investments.

For the period from January 6, 2011 (date of inception) to September 30, 2011, we had investment income of \$53,408, or \$0.02 per share, which consisted of \$52,222 of interest income and \$1,186 of dividend income.

***Operating Expenses***

For the nine months ended September 30, 2012, we had \$5,750,776 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 nine months ended September 30, 2012, was \$3,099,186, representing the base management fee as provided in our investment advisory agreement. Our base management fee was significantly higher than the same period in 2011 as a result of the increase in our gross assets. Costs incurred under our administration agreement for the nine months ended September 30, 2012, were \$1,490,966. Professional fees, consisting of legal, valuation, audit and consulting fees, were approximately \$597,089 for the nine months ended September 30, 2012.

For the period from January 6, 2011 (date of inception) to September 30, 2011, we had \$1,409,609 in total operating expenses primarily of investment management fees and administration fees, in addition to legal, audit and consulting fees. The investment advisory fee for the period from January 6, 2011 (inception) to September 30, 2011 was \$384,904, representing the base fee as provided for in our investment advisory agreement. Costs incurred under our administration agreement for the period from January 6, 2011 (inception) to September 30, 2011 were \$305,066. Professional fees, consisting of legal, valuation, audit and consulting fees, were approximately \$271,548 for the period from January 6, 2011 (inception) to September 30, 2011.

***Net Decrease in Net Assets***

For the nine months ended September 30, 2012, we had a net change in unrealized depreciation of \$5,668,589, or \$0.38 per share. The change in unrealized depreciation is primarily a result of our investment in Facebook, Inc. We had a net realized loss of \$1,380,519, or \$0.09 per share, resulting primarily from our investment in PJB Fund LLC, which resulted from fluctuating share prices of Zynga, Inc. Net investment loss was \$5,508,689, or \$0.37 per share, for the nine months ended September 30, 2012, resulting primarily from operating expenses incurred during the period. Net decrease in net assets resulting from operations was \$12,557,797, or \$0.84 per share, for the nine months ended September 30, 2012.

For the period from January 6, 2011 (date of inception) to September 30, 2011, we had a net change in unrealized depreciation of \$553,804, or \$0.23 per share. Net investment loss was \$1,356,201, or \$0.55 per share, for the period from January 6, 2011 (date of inception) to September 30, 2011. Net decrease in net assets resulting from operations was \$1,910,005, or \$0.78 per share, for the period from January 6, 2011 (date of inception) to September 30, 2011.

The per share figures noted above are based on a weighted-average of 15,013,896 and 2,460,565 shares outstanding for the nine months ended September 30, 2012 and for the period from January 6, 2011 (date of inception) to September 30, 2011, respectively.

## Liquidity and Capital Resources

At September 30, 2012, we had investments in 44 portfolio companies with costs totaling \$224,689,927, two money market funds totaling \$16,000,000 and cash in the amount of \$26,331,482.

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 September 30, 2012, 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 \$1,351,169 and \$3,099,186 in investment management fees and \$543,171 and \$1,490,966 in costs incurred under the administration agreement for the three and nine months ended September 30, 2012, respectively.

As of September 30, 2012, 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 September 30, 2012, 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.

We intend to elect to be treated, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code, beginning with our 2013 taxable year. 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.

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 (net of any withholding) 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 September 30, 2012.

### **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 \$1,351,169 and \$3,099,186 in base management fees and \$0 in incentive fees for the three and nine months ended September 30, 2012, respectively.

As of September 30, 2012, we were owed \$3,315 from GSV Asset Management for reimbursement of expenses paid for by us that were the responsibility of GSV Asset Management.

In addition as of September 30, 2012, we owed GSV Asset Management \$41,197 for reimbursement of travel-related and other expenses. We owed certain officers and directors \$917 in reimbursements for travel-related and other 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 \$543,171 and \$1,490,966 in such costs incurred under the Administration Agreement for the three and nine months ended September 30, 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, presently serves as a Managing Director of Cherry Tree & Associates, LLC, and may therefore be deemed to have an indirect material interest in such transaction.

## **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.

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 2011 taxable year and will continue to be taxed as such for its 2012 taxable year, and uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for 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. 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 intends to elect to be treated as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, and intends to operate in a manner so as to qualify for the tax treatment applicable to RICs. 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. So long as the Company 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.

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. This accounting standard is effective prospectively for interim and annual reporting 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 September 30, 2012, the Company closed on investments of \$4.7 million, plus transaction costs as follows:

The Company closed on an investment of \$3,000,000, plus transaction costs, in Parchment, Inc., an education data company, on October 1, 2012.

The Company closed on an investment of \$270,000, plus transaction costs, in Palantir Technologies, Inc., a cyber-security company, on October 17, 2012.

The Company closed on an investment of \$735,000, plus transaction costs, in Control4 Corporation, a smart home automation company, on October 19, 2012.

The Company closed on an investment of \$500,000, plus transaction costs, in Ozy Media, Inc., a social media company, on November 2, 2012.

The Company closed on an investment of \$150,000, plus transaction costs, in Top Hat 430, Inc., an internet commerce company, on November 2, 2012.

### **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, 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 September 30, 2012, 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 September 30, 2012 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, 2011, 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 nine months ended September 30, 2012 to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011.

### **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 September 30, 2012 our net asset value was \$259,859,254, or \$13.45 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.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosure**

Not applicable.

**Item 5. Other Information**

Not applicable.

**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 Investment Advisory Agreement by and between Registrant and GSV Asset Management, LLC (f/k/a NeXt Asset Management, LLC) \*
- 10.3 Administration Agreement by and between Registrant and GSV Capital Service Company, LLC (f/k/a NeXt Innovation 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.

**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.

**Date:** November 7, 2012

**GSV CAPITAL CORP.**

**By:** /s/ Michael T. Moe  
Michael T. Moe  
Chief Executive Officer, President and Chairman of the Board of  
Directors  
(Principal Executive Officer)

**Date:** November 7, 2012

**By:** /s/ Stephen D. Bard  
Stephen D. Bard  
Chief Financial Officer, Treasurer and Secretary  
(Principal Financial and Accounting Officer)



## Section 3: EX-31.2

Exhibit 31.2

### Certification of Chief Financial Officer

I, Stephen D. Bard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GSV Capital Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7<sup>th</sup> day of November 2012.

By: \_\_\_\_\_ /s/ Stephen D. Bard  
**Stephen D. Bard**  
**Chief Financial Officer**

---

## Section 4: EX-32.1

Exhibit 32.1

**Certification of Chief Executive Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2012 (the "Report") of GSV Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Michael T. Moe, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Michael T. Moe

**Name:** \_\_\_\_\_  
**Date:** **Michael T. Moe**  
**November 7, 2012**

---

## Section 5: EX-32.2

Exhibit 32.2

**Certification of Chief Financial Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2012 (the "Report") of GSV Capital Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Stephen D. Bard, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Stephen D. Bard

**Name:** \_\_\_\_\_  
**Date:** **Stephen D. Bard**  
**November 7, 2012**

---