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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

(Check appropriate box or boxes)

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

# GSV CAPITAL CORP.

(Exact name of Registrant as specified in charter)

2965 Woodside Road  
Woodside, CA 94062

(Address of Principal Executive Offices)

Registrant's telephone number, including Area Code: (650) 206-2965

Michael T. Moe  
Chief Executive Officer  
GSV Capital Corp.  
2965 Woodside Road  
Woodside, CA 94062

(Name and address of agent for service)

### COPIES TO:

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**Approximate date of proposed public offering:** As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

It is proposed that this filing will become effective (check appropriate box):

when declared effective pursuant to section 8(c).

### CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee <sup>(3)</sup>
Common Stock, \$0.01 par value per share	\$ 64,687,500	\$ 7,414

(1) Includes shares that may be issued pursuant to the underwriters' over-allotment option.

(2) Estimated pursuant to Rule 457(o) under the Securities Act of 1933 solely for the purpose of determining the registration fee.

(3) Of this amount, \$5,731 was previously paid in connection with the filing of this Registration Statement on January 6, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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[TABLE OF CONTENTS](#)

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED FEBRUARY 9, 2012**

**PRELIMINARY PROSPECTUS**



**3,000,000 Shares**

**GSV Capital Corp.**

**Common Stock**

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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 Investment Company Act of 1940, or the "1940 Act." Our investment objective is to maximize our portfolio's total return, principally by seeking capital gains on our equity investments. We invest principally in the equity securities of rapidly growing venture capital-backed emerging companies. We may also invest on an opportunistic basis in select publicly-traded equity securities of rapidly growing companies that otherwise meet our investment criteria. In addition, while we invest primarily in U.S. companies, we may invest on an opportunistic basis in certain non-U.S. companies that otherwise meet out investment criteria, although in no event will the aggregate value of our non-U.S. investments exceed 30% of the aggregate value of our total investment portfolio. We acquire our investments through secondary marketplaces for private companies, negotiations with selling stockholders and direct investments with prospective portfolio companies. Our investment activities are managed by GSV Asset Management, LLC. GSV Capital Service Company, LLC provides the administrative services necessary for us to operate.

We seek to deploy capital primarily in the form of 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 high equity component. Our investments generally do not produce current income. We will seek to deploy capital primarily in the form of non-controlling investments in our portfolio companies.

**We completed our initial public offering in May 2011. Therefore, our shares have only a limited history of public trading and we have a limited history of operations.**

Our common stock is listed on the NASDAQ Capital Market under the symbol "GSVC." On February 8, 2012, the last reported sales price on the NASDAQ Capital Market for our common stock was \$18.75 per share, **which represents a premium of 41.4% to our net asset value per share as of September 30, 2011, or 46.5% to the low point of our unaudited estimated net asset value per share range as of December 31, 2011.** In addition, our investment adviser, GSV Asset Management, LLC, and our administrator, GSV Capital Service Company, LLC, have limited experience managing and administering a business development company, respectively.

This prospectus contains important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus before investing and keep it for future reference. We will file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information will be available free of charge by contacting us by mail at 2965 Woodside Road, Woodside, CA 94062, by telephone at (650) 206-2965 or on our website at <http://www.gsvcap.com>. The SEC also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

**An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. As of February 8, 2012, our shares traded at a significant premium to our net asset value per share, which premium may be reduced or eliminated if and when certain of our portfolio companies complete initial public offerings. In particular, shares of closed-end investment companies, including business development companies, such as our company, frequently trade at a discount to their net asset value. If our shares trade at a discount to our net asset value, it may increase the risk of loss for purchasers in this offering. As of September 30, 2011, our net asset value was approximately \$13.26 per share. In addition, our December 31, 2011 unaudited net asset value per share is estimated to be between \$12.80 and \$12.95. Assuming a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012, purchasers in this offering will experience immediate and substantial dilution in net asset value of approximately \$4.08 per share based upon our net asset value per share as of September 30, 2011, or \$4.38 per share based upon the low point of our unaudited estimated net asset value per share range as of December 31, 2011. See "Dilution" for more information. In addition, the companies in which we invest are subject to special risks.**

See "Risk Factors" beginning on page 18 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Per Share

		Total <sup>(1)</sup>
Public Offering Price	\$	\$
Sales Load (Underwriting Discounts and Commissions)	\$	\$
Proceeds to GSV Capital Corp. (before expenses) <sup>(2)</sup>	\$	\$

(1) We have granted the underwriters a 30-day option, which we refer to as the overallotment option, to purchase up to an additional 450,000 shares of our common stock at the public offering price, less underwriting discounts and commissions (sales load). If the overallotment option is exercised in full, the total public offering price will be \$ and the total underwriting discounts and commissions (sales load) will be \$ . See "Underwriting."

(2) We estimate that we will incur approximately \$550,000 in offering expenses, or approximately \$.18 per share offered hereby, in connection with this offering, after which we expect to have approximately \$ in net proceeds, or approximately \$ per share offered hereby. Stockholders will indirectly bear such expenses as investors in GSV Capital Corp. The underwriting discounts and commissions (sales load) and the offering expenses will result in immediate dilution to investors in this offering. See "Dilution."

The underwriters expect to deliver the shares on or about , 2012.

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## Citigroup

Ladenburg Thalmann & Co. Inc.  
Aegis Capital Corp

Lazard Capital Markets

National Securities Corporation  
Maxim Group LLC

The date of this prospectus is , 2012.

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[TABLE OF CONTENTS](#)

You should rely on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information or to make representations as to matters not stated in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, securities only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. We will amend this prospectus in the event of any material change to the information contained herein during the distribution period.

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TABLE OF CONTENTS

	<u>Page</u>
<a href="#">Summary</a>	<a href="#">1</a>
<a href="#">Fees and Expenses</a>	<a href="#">15</a>
<a href="#">Selected Financial and Other Data</a>	<a href="#">17</a>
<a href="#">Selected Quarterly Financial Data</a>	<a href="#">17</a>
<a href="#">Risk Factors</a>	<a href="#">18</a>
<a href="#">Forward-Looking Statements and Projections</a>	<a href="#">34</a>
<a href="#">Use of Proceeds</a>	<a href="#">35</a>
<a href="#">Price Range of Common Stock and Distributions</a>	<a href="#">35</a>
<a href="#">Capitalization</a>	<a href="#">37</a>
<a href="#">Dilution</a>	<a href="#">38</a>
<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">39</a>
<a href="#">Business</a>	<a href="#">47</a>
<a href="#">Portfolio Companies</a>	<a href="#">57</a>
<a href="#">Management</a>	<a href="#">59</a>
<a href="#">Portfolio Management</a>	<a href="#">66</a>
<a href="#">Investment Advisory Agreement</a>	<a href="#">69</a>
<a href="#">Administration Agreement</a>	<a href="#">75</a>
<a href="#">License Agreement</a>	<a href="#">75</a>
<a href="#">Related Party Transactions and Certain Relationships</a>	<a href="#">76</a>
<a href="#">Control Persons and Principal Stockholders</a>	<a href="#">78</a>
<a href="#">Regulation as a Business Development Company</a>	<a href="#">79</a>
<a href="#">Determination of Net Asset Value</a>	<a href="#">84</a>
<a href="#">Dividend Reinvestment Plan</a>	<a href="#">86</a>
<a href="#">Material U.S. Federal Income Tax Considerations</a>	<a href="#">87</a>
<a href="#">Description of Securities</a>	<a href="#">94</a>
<a href="#">Underwriting</a>	<a href="#">100</a>
<a href="#">Custodian, Transfer and Distribution Paying Agent and Registrar</a>	<a href="#">105</a>
<a href="#">Brokerage Allocation and Other Practices</a>	<a href="#">105</a>
<a href="#">Legal Matters</a>	<a href="#">105</a>
<a href="#">Independent Registered Public Accounting Firm</a>	<a href="#">105</a>
<a href="#">Available Information</a>	<a href="#">105</a>
<a href="#">Index to Financial Statements</a>	<a href="#">F-1</a>

## SUMMARY

This summary, including, beginning on page [9](#), the **Risk Factors** summary, highlights some of the information in this prospectus. This summary is not complete and may not contain all of the information that you may want to consider. **You should read carefully the more detailed information set forth under “Risk Factors” beginning on page [18](#) and the other information included in this prospectus.**

Except where the context suggests otherwise, the terms “we,” “us,” “our” and “GSV Capital” refer to GSV Capital Corp. In addition, the terms “GSV Asset Management” or “investment adviser” refer to GSV Asset Management, LLC, and “GSV Capital Service Company” or the “administrator” refer to GSV Capital Service Company, LLC.

Unless otherwise noted, the information contained in this prospectus assumes (i) that the underwriters’ over-allotment option is not exercised and (ii) a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012.

In May 2011 we completed our initial public offering of 3,335,000 shares of our common stock at an offering price of \$15.00 per share, resulting in net proceeds to GSV Capital Corp of approximately \$46.5 million.

In September 2011 we completed our first follow-on public offering of 2,185,000 shares of our common stock at an offering price of \$14.15 per share, resulting in net proceeds to GSV Capital Corp. of approximately \$29.6 million. We used the proceeds of our follow-on offering to increase our holdings in Facebook, Inc., Kno, Inc., and Twitter, Inc., as well as to make new investments in eight private companies, Control 4, Inc., DreamBox Learning, Inc., Dropbox, Inc., Grockit, Inc., StormWind, LLC, The Echo System Corp., The rSmart Group, Inc. and ZocDoc, Inc.

As of December 31, 2011, we have invested approximately 85.3% of the combined net proceeds from our public offerings. We are undertaking this follow on offering before we have fully invested all of the combined net proceeds of our public offerings to provide additional investment capital to permit us to pursue attractive investment opportunities as they become available.

## GSV Capital

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-mobile, cloud computing, internet commerce, green technology and education technology. Our investment adviser’s investment decisions are based on a disciplined analysis of available information regarding each potential portfolio company’s business operations, focusing on the company’s growth potential, the quality of recurring revenues and cash flow and cost structures, as well as an understanding of key market fundamentals. Top tier venture capital funds or other financial or strategic sponsors have invested in many of the companies that our investment adviser evaluates.

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 this offering 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.

## TABLE OF CONTENTS

We seek to create a low-turnover portfolio that we expect will initially include diversified investments in 15 to 30 companies. As of December 31, 2011, we have completed investments in 21 companies for aggregate consideration of \$64,900,582 (exclusive of transaction fees and costs), or 85.3% of the combined net proceeds from our public offerings. We expect that the total number of portfolio companies in which we are invested will increase as our equity capital base grows subsequent to the completion of this offering.

Two of the companies in our portfolio, Groupon, Inc. and Zynga, Inc., completed their initial public offerings in the fourth quarter of 2011. We own 80,000 shares of Groupon, Inc., which are presently subject to a lock-up agreement that expires on May 1, 2012. With respect to Zynga, we hold a \$4,000,000 unsecured promissory note issued by PJB Fund LLC that we expect to mature on June 28, 2012, or within 34 days thereafter, the repayment amount of which includes a return based on the relative value of the common stock of Zynga, Inc. As of September 30, 2011, these investments collectively comprised approximately 8.2% of our net asset value, and the fair value of these investments was equal to the cost of the investments, net of unrealized depreciation representing transaction costs. The market trading levels for these companies will be taken into consideration when calculating the fair value of such investments as of December 31, 2011. In addition, on February 1, 2012, Facebook, Inc. filed a registration statement with the SEC in connection with its proposed initial public offering. We own 350,000 shares of Class B common stock of Facebook, Inc., which are presently subject to a lock-up agreement that will expire 181 days after the date of the final prospectus relating to Facebook, Inc.'s initial public offering, if consummated. While there can be no assurance that it will do so, if Facebook, Inc. completes its initial public offering, its market trading levels will be taken into consideration when calculating the fair value of our investment. For a more detailed discussion of these investments and developments that may impact their fair market value as determined by our board of directors, see "Investments" and "Net Decreases in Net Assets" in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### ***Immediate and Substantial Dilution Per Share***

**Assuming a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012, purchasers in this offering will experience immediate and substantial dilution in net asset value of approximately \$4.08 per share based upon our net asset value per share as of September 30, 2011, or \$4.38 per share based upon the low point of our unaudited estimated net asset value per share range as of December 31, 2011. See "Dilution" for more information.**

### ***Risk of Loss of Premium to Investors in this Offering***

**The current significant premium at which our shares trade relative to our net asset value per share may be attributable to a number of factors, including Facebook, Inc.'s proposed initial public offering, a positive outlook by investors on other existing portfolio companies and positive trading on companies in our portfolio which have gone public. Such a significant premium may not be sustainable in the future if and when companies in our portfolio, such as Facebook, Inc., go public thereby creating an increased public availability of shares of such companies, particularly if the public perception of the prospects of such companies are adversely affected, and if overall market conditions or investor sentiment declines. This will enhance the risk that the price of your shares in our company will decline.**

### ***Estimated Net Asset Value***

Our December 31, 2011 unaudited net asset value per share is estimated to be between \$12.80 and \$12.95. On January 18, 2011, our valuation committee reviewed and made a determination with respect to the recommended fair value of our portfolio assets as of December 31, 2011 in accordance with our valuation policy. Our December 31, 2011 net asset value estimate is based on our valuation committee's recommendation of the fair value of our portfolio investments as well as other factors, including expected operating expenses. We have provided an estimate of our December 31, 2011 net asset value per share because our board of directors has not yet determined our actual net asset value as of December 31, 2011. The estimated decrease in net asset value per share from September 30, 2011 to December 31, 2011 is primarily due to ongoing operating expenses incurred by us during the quarter and net fair market value adjustments taken on our portfolio. Our actual net asset value for December 31, 2011 will be subject to the final

**TABLE OF CONTENTS**

determination by our board of directors. See “Determination of Net Asset Value” and “Risk Factors — Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our portfolio investments.”

***Current Portfolio***

We have limited information about the financial performance and profitability of our portfolio companies. While according to public filings with the SEC, certain of our portfolio companies have earned net income in recent periods, we believe that substantially all of our portfolio companies are currently experiencing operating losses. There can be no assurance when or if such companies will operate at a profit. In addition, our current portfolio company investments are also concentrated in a limited number of companies. As of December 31, 2011, over half of our portfolio company investments was comprised of investments in four companies.

As of December 31, 2011, we have completed investments in the companies identified below. For those investments held as of September 30, 2011, amounts include transaction fees and costs. For those investments acquired subsequent to September 30, 2011, amounts are exclusive of transaction fees and costs as those have not yet been finally determined. Fair value was determined in good faith by our board of directors as of September 30, 2011 for those investments held as of September 30, 2011. For those investments acquired subsequent to September 30, 2011, our board of directors has not yet determined their fair value and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

<b>Investment<sup>(1)</sup></b>	<b>Cost<sup>(2)</sup></b>	<b>Fair Value<sup>(3)</sup></b>	<b>Source(s)</b>	<b>Description</b>
Bloom Energy Corporation	\$1,815,818	\$1,771,335	Secondary marketplace and direct from stockholder	Provider of solid oxide fuel cell technology that generates power onsite from a wide variety of fuel sources
Chegg, Inc.	\$6,003,694	\$5,999,996	Direct from stockholder	Online textbook rental company serving students nationwide
Control 4 Inc.	\$1,000,000	\$1,000,000 <sup>(4)</sup>	Direct from stockholder	Smart home automation company
DreamBox Learning, Inc.	\$750,000	\$750,000 <sup>(4)</sup>	Direct from issuer	Education technology company
Dropbox, Inc.	\$4,999,998	\$4,999,998 <sup>(4)</sup>	Direct from stockholder	Online storage service
Facebook, Inc.	\$10,464,670	\$10,462,500 <sup>(5)</sup>	Secondary marketplace	Leading online social network
Gilt Groupe, Inc.	\$5,576,979	\$5,499,250	Secondary marketplace and direct from stockholder	Online shopping destination offering its members access to discounted prices on merchandise, restaurants and vacations
Grockit Inc.	\$2,000,000	\$2,000,000 <sup>(4)</sup>	Direct from issuer	Online test preparation company
Groupon, Inc.	\$2,127,577	\$2,035,200	Secondary marketplace	Online provider of daily coupons for various consumer products

**TABLE OF CONTENTS**

<b>Kno, Inc.</b>	<b>\$2,462,959</b>	<b>\$2,455,000<sup>(6)</sup></b>	<b>Direct from issuer and direct from stockholder</b>	<b>Provider of education software, digital textbooks and social engagement tools for students</b>
PJB Fund LLC <sup>(7)</sup>	\$4,028,914	\$4,000,000	Direct from borrower	Debt investment linked until maturity to the value of Zynga, Inc., a developer of online social games
Serious Energy, Inc.	\$738,674	\$712,380	Secondary marketplace	Products and services to make buildings more energy-efficient
SharesPost, Inc.	\$2,280,920	\$2,250,000	Direct from issuer	Online marketplace for the exchange of private company equity
Silver Spring Networks, Inc.	\$1,153,381	\$1,101,430	Secondary marketplace	Hardware, software and services that connect devices on the smart grid
StormWind, LLC	\$1,000,000	\$1,000,000 <sup>(4)</sup>	Direct from issuer	Online technology courses
The Echo System Corp. <sup>(8)</sup>	\$500,000	\$500,000 <sup>(4)</sup>	Direct from issuer	Social analytics
The rSmart Group, Inc.	\$500,000	\$500,000 <sup>(4)</sup>	Direct from issuer	Higher education learning platform
TrueCar, Inc.	\$2,001,782	\$2,000,000	Direct from issuer	Online automotive research destination
Twitter, Inc.	\$12,288,703	\$12,113,493 <sup>(9)</sup>	Secondary marketplace and direct from stockholder	Short messaging platform
ZocDoc Inc.	\$3,500,000	\$3,500,000	Direct from stockholder	Online booking for doctor and dentist appointments
ZoomSystems	\$260,317	\$250,000	Direct from stockholder	Automated retail vending machines
<b>Total</b>	<b>\$65,454,386</b>	<b>\$64,900,582<sup>(10)</sup></b>		

(1) Unless otherwise noted, each investment represents an equity investment in the listed issuer. In addition, we closed an investment of \$100,000, plus transaction costs, in a note, plus warrants, issued by AlwaysOn Network, LLC, an internet media company, on January 10, 2012, which has been omitted from the above table given its size relative to the remainder of the portfolio and the fact that its fair value has not yet been subject to review by our valuation committee or board of directors.

(2) For those investments held as of September 30, 2011, amounts include transaction fees and costs. For those investments acquired subsequent to September 30, 2011, amounts are exclusive of transaction fees and costs as those have not yet been finally determined.

(3) Fair value was determined in good faith by our board of directors as of September 30, 2011 for those investments held as of September 30, 2011. For those investments acquired subsequent to September 30,



## TABLE OF CONTENTS

2011, our board of directors has not yet determined their fair value and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

- (4) Reflects cost of the investment, exclusive of transaction fees and costs. Since we acquired the investment subsequent to September 30, 2011, our board of directors has not yet determined the fair value of such investment.
- (5) As of September 30, 2011, we had invested approximately \$6,589,670 (inclusive of transaction fees and costs) in equity securities of Facebook, Inc. that had a fair value of \$6,587,500 as of September 30, 2011. In addition, we invested an additional \$3,875,000 in equity securities of Facebook, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.
- (6) As of September 30, 2011, we had invested approximately \$2,257,959 (inclusive of transaction fees and costs) in equity securities of Kno, Inc. that had a fair value of \$2,250,000 as of September 30, 2011. In addition, we invested an additional \$205,000 in equity securities of Kno, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.
- (7) Represents a \$4 million unsecured promissory note 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. To the extent the borrower repays the note in cash, we would have no further direct or indirect interest in Zynga, Inc. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments" for additional information regarding this investment.
- (8) Represents a \$500,000 unsecured convertible promissory note issued by The Echo System Corp., that may be repaid in cash, or upon certain fundamental corporate events, converted into shares of the issuer's stock, as well as warrants to purchase an additional number of shares equal to 35% of the shares issuable upon conversion of the principal amount of the note at the price per share at which shares are next issued in a qualified equity financing, or \$0.20 per share if there is no qualified equity financing prior to maturity.
- (9) As of September 30, 2011, we had invested approximately \$7,107,703 (inclusive of transaction fees and costs) in equity securities of Twitter, Inc. that had a fair value of \$6,932,493 as of September 30, 2011. In addition, we invested an additional \$5,181,000 in equity securities of Twitter, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.
- (10) Since we acquired some of these investments subsequent to September 30, 2011, our board of directors has not yet determined the total fair value of our portfolio.

Our investment advisers track a broad list of potential investment opportunities based on fit with our key investment themes and financial characteristics. We currently have over 100 companies under consideration, which we regularly monitor to determine near- and long-term opportunities. At present, our broad list includes companies representing the following investment themes: social-mobile (41.7%), education technology (19.6%), green technology (5.5%), internet commerce (25.5%) and cloud computing (7.7%). The size of companies that we track varies significantly, from technology start-ups to well established near-term IPO candidates.

Within our broad list, we identify a subset of the opportunities that we believe provide the most attractive prospects for future investment. We generally have approximately 30 investments actively under evaluation at any given time. We devote most of our research efforts on understanding, analyzing and valuing these top 30 companies. Our investment adviser actively seeks opportunities to invest in these potential portfolio companies at pre-determined target prices. At any time, we may be in negotiations or in a pre-closing escrow period with several of the companies in our pipeline.

### **About GSV Asset Management**

Our investment activities are managed by GSV Asset Management, an investment adviser registered under the Investment Advisers Act of 1940, as amended, or the “Advisers Act.” GSV Asset Management is led by Michael T. Moe, our president, chief executive officer and chairman of our board of directors. Mr. Moe is assisted by Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary and Luben Pampoulov, our vice-president, whom we refer to collectively as GSV Asset Management’s senior investment professionals. Mr. Moe co-founded and previously served as chairman and chief executive officer of ThinkEquity Partners, an asset management and investment banking firm focusing on venture capital, entrepreneurial and emerging growth companies. Prior to founding ThinkEquity, Mr. Moe served as Head of Global Growth Research at Merrill Lynch and before that served as Head of Growth Research and Strategy at Montgomery Securities. Mr. Moe has written extensively about investing in the emerging growth equity markets. His critically-acclaimed book, “*Finding the Next Starbucks*,” articulates Mr. Moe’s investment process and philosophy which have been refined over more than two decades in the investment community.

We believe we benefit from the proven ability of our investment adviser’s senior investment professionals and board of advisers (the “Advisory Board”) to identify attractive investment opportunities, conduct diligence on and value prospective investments, negotiate terms, and manage and monitor a diversified portfolio of those investments. See “Portfolio Management — Advisory Board to GSV Asset Management.” Our investment adviser’s senior investment professionals and Advisory Board members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts that provides us with an important source of investment opportunities.

We pay GSV Asset Management a fee for its services under the Investment Advisory Agreement consisting of two components — a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31, 2011, and will equal the lesser of (i) 20% of our realized capital gains during such 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 our 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. See “Investment Advisory Agreement.” Although we do not currently have any specific plans to incur debt or use leverage, the terms for calculating the management fee create an incentive for our investment adviser to utilize leverage in the future because our management fee is based on our gross assets, including issuances of preferred stock and borrowings for investment purposes, rather than our net assets. We will be required, however, to obtain the approval of our board of directors before we incur any future indebtedness.

### **Investment Opportunity**

The technology industry is experiencing a convergence of numerous disruptive trends, producing new high-growth markets. The growth of both social networking and connected mobile devices, such as smartphones and tablets, has opened up new channels for communication and real-time collaboration. The number of devices and people that regularly connect to the Internet has increased dramatically in recent years, generating significant demand for always accessible, personalized and localized content and real-time online interactivity. These factors are creating opportunities for new market participants and significant growth for established companies with leading positions capitalizing on these trends.

At the same time, the initial public offering, or “IPO,” markets have experienced substantial structural changes which have made it significantly more challenging for private companies to go public. Volatile equity markets, a lack of investment research coverage for smaller companies and investor demand for a longer history of earnings growth have resulted in companies staying private significantly longer than in the past. In addition, increased public company compliance obligations such as those imposed by the Sarbanes-Oxley Act of 2002 have made it more costly and less attractive to become a public company. As a result, there are

## TABLE OF CONTENTS

significantly fewer IPOs today than there were a decade ago, with prospective public companies taking longer to come to market. For example, from 1991 – 2000, there were 4,361 IPOs in the United States, of which 1,701 were venture-capital backed. From 2001 – 2010, there were 1,016 IPOs, of which 369 were venture-capital backed.

Because private companies are staying private longer, private investment in late stage companies has increased. Private secondary marketplaces, such as SharesPost and SecondMarket, have emerged as an alternative to traditional public equity exchanges to provide liquidity to private company stockholders, including employees, particularly within the technology sector. While such private secondary marketplaces generally have more limited transaction volume than public exchanges, they do provide accredited investors, such as ourselves, with access to equity investments in private companies. Such markets also provide a source for exiting private company investments, as well as price visibility from trading on a marketplace.

### **Investment Strategy**

We seek to create a portfolio of high-growth emerging private companies via a repeatable and disciplined investment approach, as well as to provide investors with access to such companies through our publicly traded common stock.

Our investment objective is to maximize our portfolio's total return, principally by seeking capital gains on our equity investments. We have adopted the following business strategies to achieve our investment objective:

- **Identify high quality growth companies.** Based on our extensive experience in analyzing technology trends and markets, we have identified the technology sub-sectors of social-mobile, cloud computing, internet commerce, green technology and education technology, as opportunities where we believe companies are capable of producing substantial growth. We rely on our collective industry knowledge as well as an understanding of where leading venture capitalists are investing.

We leverage a combination of our relationships throughout Silicon Valley and our independent research to identify leaders in our targeted sub-sectors that we believe are differentiated and best positioned for sustained growth. Our evaluation process is based on what we refer to as “the four Ps”:

- People — Organizations led by strong management teams with in-depth operational focus
- Product — Differentiated and disruptive products with leading market positioning
- Potential — Large addressable markets
- Predictability — Ability to forecast and drive predictable and sustainable growth

We consider these to be the core elements for identifying rapidly growing emerging companies.

- **Acquire positions in targeted investments.** We seek to build our portfolio by sourcing investments at an acceptable price through our disciplined investing strategy. To this end, we utilize multiple methods to acquire equity stakes in private companies that are not available to many individual investors.

*Private secondary marketplaces and direct share purchases.* We utilize private secondary marketplaces as a means to acquire equity investments in privately-held companies that meet our investment criteria and that we believe are attractive candidates for investment. We believe that such markets offer efficient execution versus alternative methods and provide a potential source of liquidity should we decide to exit an investment. In addition, we also purchase shares directly from stockholders, including current or former employees. As certain companies grow and experience significant increased value while remaining private, employees and other stockholders may seek liquidity by selling shares directly to a third party. Sales of shares in private companies are typically restricted by contractual transfer restrictions and company employment policies, which may impose strict limits on transfer. We believe that our investment professionals' reputation within the industry and history of investing affords us a favorable position when seeking approval for a purchase of shares subject to such limitations.

## TABLE OF CONTENTS

*Direct equity investments.* We also seek direct investments in private companies. There is a large market among emerging private companies for equity capital investments. Many of these companies, particularly within the technology sector, lack the necessary cash flows to sustain substantial amounts of debt, and therefore have viewed equity capital as a more attractive long-term financing tool. We seek to be a source of such equity capital as a means of investing in these companies and look for opportunities to invest alongside other private equity and venture capital investors with whom we have established relationships.

- **Create access to a diverse investment portfolio.** We seek to hold a diverse portfolio of non-controlling equity investments, which we believe will minimize the impact on our portfolio of a negative downturn at any one specific company. We believe that our relatively diversified portfolio will provide a convenient means for accredited and non-accredited individual investors to obtain access to an asset class that has generally been limited to venture capital, private equity and similar large institutional investors.

We are primarily focused on investing in private companies. From time to time, certain of our portfolio companies may list on public exchanges. It is our intent to liquidate our position in public companies when we determine the timing is appropriate, taking into consideration our investment objectives, market dynamics and lock up agreements to which we may be subject.

### **Competitive Advantages**

We believe that we will benefit from the following competitive advantages in executing our investment strategy:

- **Highly experienced team of investment professionals.** Our investment adviser's senior investment professionals, its Advisory Board and our board of directors have significant experience researching and investing in the types of rapidly growing venture capital-backed emerging companies we are targeting for investment. Through our proprietary company evaluation process, including our identification of technology trends and themes and company research, we believe we have developed important insight into identifying and valuing emerging private companies.
- **Disciplined and repeatable investment process.** We have established a disciplined process to locate and acquire available shares at attractive valuations by utilizing multiple sources. In contrast to industry "aggregators" that accumulate stock at market prices, we conduct valuation analyses and make acquisitions only when we can invest at valuations that we believe are attractive to our investors. Following this process, we have completed investments in the 21 companies in our portfolio as of December 31, 2011.
- **Deep relationships with significant credibility to source and complete transactions.** GSV Asset Management and its senior investment professionals are strategically located in the heart of Silicon Valley in Woodside, California. During the course of over two decades of researching and investing in emerging private companies, our investment adviser's senior investment professionals have developed strong reputations within the investing community, particularly within technology-related sectors. Our investment adviser's Advisory Board members and our board of directors have also developed strong relationships in the financial, investing and technology-related sectors.
- **Source of permanent investing capital.** As a publicly-traded corporation, we have access to a source of permanent equity capital which we can use to invest in portfolio companies. This permanent equity capital is a significant differentiator from other potential financial sponsor investors that may be required to return capital to stockholders on a defined schedule. We believe that our ability to invest on a long-term time horizon makes us attractive to companies looking for strong, stable owners of their equity.
- **Early mover advantage.** We believe we are one of the few publicly traded business development company with a specific focus on investing in rapidly growing venture capital-backed emerging companies. Moreover, we believe we are the only one to focus on acquiring secondary shares as a key component of our strategy. Despite our limited track record, the transactions that we have executed to date since our IPO have helped to establish our reputation with the types of secondary

## TABLE OF CONTENTS

sellers and emerging companies that we target for investment. We have leveraged multiple relationships and channels to acquire the equity of private companies. As we continue to grow our portfolio with attractive investments, we believe that our reputation as a committed partner will be further enhanced, allowing us to source and close investments that would otherwise be unavailable. We believe that these factors collectively differentiate us from other potential investors in private company securities and will potentially enable us to complete equity transactions in top tier private companies at attractive valuations.

### **Operating and Regulatory Structure**

GSV Capital was formed as a Maryland corporation that is an externally managed, non-diversified closed-end management investment company. We completed our initial public offering in April 2011 and have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our gross assets in “qualifying assets.” Qualifying assets generally include, among other things, securities of “eligible portfolio companies.” “Eligible portfolio companies” generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. If at any time less than 70% of our gross assets are comprised of qualifying assets, including as a result of an increase in the value of any non-qualifying assets or decrease in the value of any qualifying assets, we would generally not be permitted to acquire any additional non-qualifying assets until such time as 70% of our then current gross assets were comprised of qualifying assets. We would not be required, however, to dispose of any non-qualifying assets in such circumstances. See “Regulation as a Business Development Company.” In addition, we intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). See “Material U.S. Federal Income Tax Considerations.”

Our investment activities are managed by GSV Asset Management and supervised by our board of directors. GSV Asset Management is an investment adviser registered under the Advisers Act. Under our investment advisory agreement, which we refer to as the Investment Advisory Agreement, we have agreed to pay GSV Asset Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See “Investment Advisory Agreement.” We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse GSV Capital Service Company for our allocable portion of overhead and other expenses incurred.

### **Our Corporate Information**

Our offices are located at 2965 Woodside Road, Woodside, CA 94062, and our telephone number is (650) 206-2965.

### **Risk Factors**

The value of our assets, as well as the market price of our shares, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in GSV Capital involves other risks, including the following:

- Our investments in the rapidly growing venture capital backed emerging companies that we are targeting may be extremely risky and we could lose all or part of our investments;
- Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our portfolio investments;
- We may not realize gains from our equity investments and, because certain of our portfolio companies may incur substantial debt to finance their operations, we may experience a complete loss on our equity investment in the event of a bankruptcy or liquidation of any of our portfolio companies;
- Substantially all of our portfolio companies are currently experiencing operating losses, which may be substantial, and there can be no assurance when or if such companies will operate at a profit;

## TABLE OF CONTENTS

- The lack of liquidity in, and potentially extended duration of, many of our investments may adversely affect our business and will delay any distributions of gains, if any;
- Our portfolio may be concentrated in a limited number of portfolio companies or market sectors, which will subject us to a risk of significant loss if the business or market position of these companies deteriorates or market sectors experience a market downturn;
- Technology-related sectors in which we invest are subject to many risks, including volatility, intense competition, decreasing life cycles, product obsolescence, changing consumer preferences and periodic downturns;
- We may be limited in our ability to make follow-on investments, for a number of reasons, including financial or regulatory restrictions, and our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.
- We have only a limited operating history;
- Our inability to maintain our status as a business development company;
- We are dependent upon GSV Asset Management’s senior investment personnel for our future success;
- We may experience fluctuations in our quarterly results and we may be unable to replicate past investment opportunities or make the types of investments we have made to date in future periods;
- Risk associated with transacting on secondary marketplaces, including the limited availability and reliability of information relating to prospective investments and legal and regulatory risks;
- We operate in a highly competitive market for direct equity investment opportunities;
- We will generally make non-controlling investments and are subject to the risks that other significant shareholders may have interests that differ from those of the portfolio company or minority investors.
- There are significant potential conflicts of interest, which could impact our investment returns and limit the flexibility of our investment policies;
- Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital, which may expose us to risks;
- We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;
- Our common stock price may be volatile and may decrease substantially;
- Our common stock has recently traded, and may in the future trade, at premiums that may prove to be unsustainable or at discounts from net asset value; and
- There is a risk that you may not receive dividends or that our dividends may not grow over time, particularly since we invest primarily in securities that do not produce current income.

**See “Risk Factors” beginning on page [18](#) and the other information included in this prospectus for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.**

[TABLE OF CONTENTS](#)

**THE OFFERING**

Common Stock Offered by Us	3,000,000 shares (or 3,450,000 shares if the underwriters exercise their over-allotment option).
Common Stock to be Outstanding After this Offering	8,520,100 shares (or 8,970,100 shares if the underwriters exercise their over-allotment option).
Use of Proceeds	Our net proceeds from this offering will be approximately \$51,762,500, assuming a public offering price of \$18.75 per share. We plan to invest the net proceeds of this offering in accordance with our investment objective and strategies described in this prospectus. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. We anticipate that substantially all of the net proceeds of this offering 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 other market conditions, except for such amounts as may be retained for purposes of funding our ongoing operations subsequent to the completion of this offering. Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment. The management fee payable by us will not be reduced while our assets are invested in such temporary investments. See "Use of Proceeds."
NASDAQ Capital Market symbol	Our common stock is listed on the NASDAQ Capital Market under the symbol "GSVC."
Distributions	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. As we focus on making primarily capital gains-based investments in equity securities, 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 less consistent than the dividends of other business development companies that primarily make debt investments.
Lock-up Agreements	GSV Capital and each of our directors and officers has agreed that, for a period of 90 days from the date of this prospectus, such party will not, without the prior written consent of Citigroup Global Markets Inc., offer, pledge, sell, contract to sell or otherwise dispose of or agree to sell or otherwise dispose of, directly or indirectly, or hedge any shares or any securities convertible into or exchangeable for shares, provided, however, that GSV Capital may issue and sell shares pursuant to our dividend reinvestment plan. Citigroup Global Markets Inc. in its

TABLE OF CONTENTS

Taxation	<p>sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.</p> <p>We intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not be required to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To obtain and maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually 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. See “Distributions” and “Material U.S. Federal Income Tax Considerations.”</p>
Investment Advisory Fees	<p>We pay GSV Asset Management a fee for its services under the Investment Advisory Agreement consisting of two components — a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31, 2011, and will equal the lesser of (i) 20% of our realized capital gains during such 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 our 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. See “Investment Advisory Agreement.” Although we do not currently have any specific plans to incur debt or use leverage, the terms for calculating the management fee create an incentive for our investment adviser to utilize leverage in the future because our management fee is based on our gross assets, including borrowings for investment purposes, rather than our net assets. We will be required, however, to obtain the approval of our board of directors before we incur any future indebtedness.</p>
Administration Agreement	<p>We reimburse GSV Capital Service Company for our allocable portion of overhead and other expenses it incurs in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse GSV Capital Service Company for the fees and expenses</p>



TABLE OF CONTENTS

associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer, chief compliance officer and any administrative support staff. Additionally, GSV Capital Service Company may outsource some of its duties. 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. See “Administration Agreement.”

Leverage

We do not currently have any specific plans to incur debt or use leverage. However, if we borrow for investment purposes in the future, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, GSV Asset Management, will be borne by our common stockholders. We will not incur debt, use leverage or issue any preferred stock during the 12 months following completion of this offering.

Trading

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

License Agreement

We have entered into a license agreement with GSV Asset Management, pursuant to which GSV Asset Management has agreed to grant us a non-exclusive, royalty-free license to use the name “GSV.” See “License Agreement.”

Dividend Reinvestment Plan

We have adopted an “opt out” dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you “opt out” of our dividend reinvestment plan so as to receive cash dividends by delivering a written notice to our dividend paying agent. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See “Dividend Reinvestment Plan.”

[TABLE OF CONTENTS](#)

Certain Anti-Takeover Measures

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See “Description of Securities.”

Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the information found in “Risk Factors.” We have only a limited operating history as a business development company and as a regulated investment company. If we fail to qualify as a regulated investment company, we could become subject to federal income tax on all of our income, which would have a material adverse effect on our financial performance. We invest in rapidly growing venture capital-backed emerging companies. These activities may involve a high degree of business and financial risk. We are also subject to risks associated with access to additional capital, fluctuating quarterly results and variation in our portfolio value.

Available Information

We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC’s public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC’s website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC’s public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at GSV Capital Corp., 2965 Woodside Road, Woodside, CA 94062, by telephone at (650) 206-2965, or on our website at <http://www.gsvcap.com>.

## FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. The percentages included in the table reflect our net assets as of September 30, 2011, as adjusted to reflect completion of this offering, and assumes a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by “us” or “GSV Capital,” or that “we” will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in GSV Capital Corp.

### Stockholder transaction expenses:

Sales load (as a percentage of offering price)	7.00% <sup>(1)</sup>
Offering expenses borne by common stockholders (as a percentage of offering price)	0.98% <sup>(2)</sup>
Dividend reinvestment plan expenses	None
Total stockholder transaction expenses (as a percentage of offering price)	7.98%

### Annual expenses (as a percentage of net assets attributable to common stock):

Base management fee	2.00% <sup>(3)</sup>
Incentive fees payable under our investment advisory agreement (20%)	0.00% <sup>(4)</sup>
Interest payments on borrowed funds	0.00% <sup>(5)</sup>
Other expenses	1.97% <sup>(6)</sup>
Acquired fund fees and expenses	0.01% <sup>(7)</sup>
Total annual expenses	3.98%

### Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above. See Note 5 below for additional information regarding certain assumptions regarding our level of leverage subsequent to this offering.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 130	\$ 221	\$ 313	\$ 543

- (1) The underwriting discounts and commissions with respect to shares sold in this offering, which is a one-time fee, is the only sales load paid in connection with this offering.
- (2) Amount reflects estimated offering expenses of approximately \$550,000.
- (3) Reflects our base management fee as a percentage of our net assets. Our base management fee under the Investment Advisory Agreement is based on our gross assets, which is defined as all the assets of GSV Capital, including those acquired using borrowings for investment purposes. See “Investment Advisory Agreement.” As a result, although we do not currently have any specific plans to use leverage, to the extent we elect to utilize leverage in the future, our base management fee as a percentage of our net assets would increase.
- (4) Based on our current business plan, we do not expect to invest fully the net proceeds from this offering for up to six to 12 months and, based on the current unrealized appreciation versus unrealized depreciation on our portfolio investments, we expect that we will likely not have sufficient realized capital gains, taken together with any net unrealized capital appreciation, during our first year of operations after completion of this offering in order to pay or accrue any incentive fees in the first year after completion of this offering. The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31, 2011, and will equal the lesser of (i) 20% of our realized capital gains during such 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 our realized

## TABLE OF CONTENTS

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 a more detailed discussion of the calculation of this fee, see “Investment Advisory Agreement.” For accounting purposes, in order to reflect the theoretical capital gains incentive fee that would be payable for a given period as if all unrealized gains were realized, we are required to accrue a capital gains incentive fee based upon realized capital gains and losses during the current calendar year through the end of the period, plus any unrealized capital appreciation and depreciation as of the end of the period. It should be noted that a fee so calculated and accrued would not necessarily be payable under the Investment Advisory Agreement, and may never be paid based upon the computation of capital gains incentive fees in subsequent periods. Amounts paid under the Investment Advisory Agreement will be consistent with the formula reflected in the Investment Advisory Agreement.

- (5) We will not incur indebtedness on our portfolio, pay any interest or issue any preferred stock during the 12 months following completion of this offering.
- (6) “Other expenses” (\$2.5 million) are based upon estimates for the 12 months following completion of this offering.
- (7) Amount reflects our estimated expenses for the 12 months following completion of this offering relating to the temporary investment of proceeds from this offering in money market funds pending our investment of such proceeds in portfolio companies in accordance with our investment objective and strategies described in this prospectus.

**The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.** While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. As the incentive fee under the Investment Advisory Agreement is payable only on realized capital gains, this illustration assumes that the entire 5.0% annual return is in the form of realized capital gains (computed net of all realized capital losses and unrealized capital depreciation) in each of the indicated time periods, and that we will be required to pay an incentive fee on the full amount of the annual return. If we achieve a greater realization of realized capital gains than the assumed 5.0% annual return, our expenses and returns to our investors would be higher. In addition, the example assumes inclusion of the sales load of %. Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See “Dividend Reinvestment Plan” for additional information regarding our dividend reinvestment plan.

[TABLE OF CONTENTS](#)**SELECTED FINANCIAL AND OTHER DATA**

The selected financial and other data below should be read in conjunction with our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and notes thereto. Quarterly financial information is derived from unaudited financial data, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) which are necessary to present fairly the results for such interim periods. Interim results at and for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below for more information.

(in thousands, except per share data)	At and For the Nine Months Ended September 30, 2011 <sup>(1)</sup>
	(unaudited)
<b>Income Statement Data:</b>	
Total operating expenses	\$ 1,409,609
Net investment loss	(1,356,201)
Net decrease in net assets resulting from operations	(1,910,005)
<b>Balance Sheet Data:</b>	
Total assets	\$73,715,970
Total net assets	73,188,029
<b>Per Common Share Data:</b>	
Net decrease in net assets resulting from operations per average share <sup>(2)</sup>	\$ (0.78)
Net asset value per share	13.26

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

(2) Weighted average common shares for the period from January 6, 2011 (date of inception) through September 30, 2011 was calculated starting from the issuance of 100 shares as of February 28, 2011. Weighted average common shares were 2,460,565 for the period from January 6, 2011 (date of inception) through September 30, 2011.

**SELECTED QUARTERLY FINANCIAL DATA**

The following table sets forth certain quarterly financial information for each quarter in the nine months ended September 30, 2011. This information was derived from our unaudited financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

(in thousands, except per share data)	At and For the Three months ended		
	September 30, 2011	June 30, 2011	March 31, 2011 <sup>(1)</sup>
Total operating expenses	\$ 733	\$ 565	\$ 111
Net investment loss	(680)	(565)	(111)
Net decrease in net assets resulting from operations	(1,174)	(625)	(111)
Net decrease in net assets resulting from operations per average share <sup>(2)</sup>	(0.34)	(0.27)	(1,108.08)
Net asset value per share	13.26	13.57	(1,093.08)

(1) Includes the period from January 6, 2011 (date of inception) through March 31, 2011, which preceded the completion of our initial public offering in May 2011.

(2) Weighted average common shares were 100, 2,345,595 and 3,430,100 for the three months ended March 31, 2011, June 30, 2011 and September 30, 2011, respectively.

## RISK FACTORS

Investing in our common stock involves a number of significant risks. In addition to the other information contained in this prospectus, you should consider carefully the following information before making an investment in our common stock. Although the risks described below represent our material risks, they are not the only risks we face. Additional risks and uncertainties not presently known to us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

### Risks Related To Our Investments

**Our investments in the rapidly growing venture capital-backed emerging companies that we are targeting may be extremely risky and we could lose all or part of our investments.**

Investment in the rapidly growing venture capital-backed emerging companies that we are targeting involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their existing debt, which may lead to equity financings, possibly at discounted valuations, in which we could be substantially diluted if we do not or cannot participate, bankruptcy or liquidation and the reduction or loss of our equity investment;
- they typically have limited operating histories, narrower, less established product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions, market conditions and consumer sentiment in respect of their products or services, as well as general economic downturns;
- because they are privately owned, there is generally little publicly available information about these businesses; therefore, although our investment adviser's agents will perform due diligence investigations on these portfolio companies, their operations and their prospects, we may not learn all of the material information we need to know regarding these businesses and, in the case of investments we acquire on private secondary transactions, we may be unable to obtain financial or other information regarding the companies with respect to which we invest. Furthermore, there can be no assurance that the information that we do obtain with respect to any investment is reliable;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us; and
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

A portfolio company's failure to satisfy financial or operating covenants imposed by its lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our equity investment in such portfolio company. We may incur expenses to the extent necessary to seek recovery of our equity investment or to negotiate new terms with a financially distressed portfolio company.

**Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.**

Our portfolio investments will generally not be in publicly traded securities. As a result, although we expect that some of our equity investments may trade on private secondary marketplaces, the fair value of our direct investments in portfolio companies will often not be readily determinable. Under the 1940 Act, for our investments for which there are no readily available market quotations, including securities that while listed on a private securities exchange, have not actively traded, we will value such securities at fair value quarterly as determined in good faith by our board of directors based upon the recommendation of the Board of

## TABLE OF CONTENTS

Director's Valuation Committee in accordance with our written valuation policy. In connection with that determination, members of our investment adviser's portfolio management team will prepare portfolio company valuations using the most recent portfolio company financial statements and forecasts. The Valuation Committee intends to utilize the services of an independent valuation firm, which will prepare valuations for each of our portfolio investments that are not publicly traded or for which we do not have readily available market quotations, including securities that while listed on a private securities exchange, have not actively traded. However, the board of directors will retain ultimate authority as to the appropriate valuation of each such investment. The types of factors that the Valuation Committee will take into account in providing its fair value recommendation to the board of directors with respect to such non-traded investments will include, as relevant and, to the extent available, the portfolio company's earnings, the markets in which the portfolio company does business, comparison to valuations of publicly traded companies, comparisons to recent sales of comparable companies, the discounted value of the cash flows of the portfolio company and other relevant factors. This information may not be available because it is difficult to obtain financial and other information with respect to private companies, and even where we are able to obtain such information, there can be no assurance that it is complete or accurate. Because such valuations are inherently uncertain and may be based on estimates, our determinations of fair value may differ materially from the values that would be assessed if a readily available market for these securities existed. Due to this uncertainty, our fair value determinations with respect to any non-traded investments we hold may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments will receive a lower price for their shares than the value of our investments might warrant.

**We may not realize gains from our equity investments and, because certain of our portfolio companies may incur substantial debt to finance their operations, we may experience a complete loss on our equity investment in the event of a bankruptcy or liquidation of any of our portfolio companies.**

We invest principally in the equity and equity-related securities of rapidly growing venture capital-backed emerging companies. However, the equity interests we acquire may not appreciate in value and, in fact, may decline in value. In addition, the private company securities we acquire are often subject to drag-along rights, which could permit other stockholders, under certain circumstances, to force us to liquidate our position in a subject company at a specified price, which could be, in our opinion, inadequate or undesirable or even below our cost basis. In this event, we could realize a loss or fail to realize gain in an amount that we deem appropriate on our investment. Further, capital market volatility and the overall market environment may preclude our portfolio companies from realizing liquidity events and impede our exit from these investments. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We will generally have little, if any, control over the timing of any gains we may realize from our equity investments. In addition, the companies in which we invest may have substantial debt loads. In such cases, we would typically be last in line behind any creditors in a bankruptcy or liquidation, and would likely experience a complete loss on our investment.

**Substantially all of our portfolio companies are currently experiencing operating losses, which may be substantial, and there can be no assurance when or if such companies will operate at a profit.**

We have limited information about the financial performance and profitability of our portfolio companies. While according to public filings with the SEC, certain of our portfolio companies have earned net income in recent periods, we believe that substantially all of our portfolio companies are currently experiencing operating losses. There can be no assurance when or if such companies will operate at a profit.

**The lack of liquidity in, and potentially extended holding period of, our many investments may adversely affect our business, and will delay any distributions of gains, if any.**

Our investments will generally not be in publicly traded securities. Although we expect that some of our equity investments will trade on private secondary marketplaces, certain of the securities we hold will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. In addition, while some portfolio companies may trade on private secondary marketplaces, we can provide no

## TABLE OF CONTENTS

assurance that such a trading market will continue or remain active, or that we will be able to sell our position in any portfolio company at the time we desire to do so and at the price we anticipate. The illiquidity of our investments, including those that are traded on private secondary marketplaces, may make it difficult for us to sell such investments if the need arises. Also, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. We will have no limitation on the portion of our portfolio that may be invested in illiquid securities, and a substantial portion or all of our portfolio may be invested in such illiquid securities from time to time.

In addition, because we will generally invest in equity and equity-related securities, with respect to the majority of our portfolio companies, we do not expect realization events, if any, to occur in the near term. We expect that our holdings of equity securities may require several years to appreciate in value, and we can offer no assurance that such appreciation will occur. Even if such appreciation does occur, it is likely that initial purchasers of our shares could wait for an extended period of time before any appreciation or sale of our investments, and any attendant distributions of gains, may be realized.

**Our portfolio may be concentrated in a limited number of portfolio companies or market sectors, which will subject us to a risk of significant loss if the business or market position of these companies deteriorates or market sectors experiences a market downturn.**

A consequence of our limited number of investments is that the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. For example, as of December 31, 2011, over half of our portfolio company investments was comprised of investments in four portfolio companies. Beyond our income tax asset diversification requirements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few issuers. In addition, our investments may be concentrated in a limited number of market sectors, including in technology-related sectors. As a result, a downturn in any market sector in which a significant number of our portfolio companies operate could materially adversely affect us.

**Technology-related sectors in which we invest are subject to many risks, including volatility, intense competition, decreasing life cycles, product obsolescence, changing consumer preferences and periodic downturns.**

Given the experience of our investment adviser's senior investment professionals and its Advisory Board members within the technology space, we expect that a number of the companies with respect to which we invest will operate in technology-related sectors. The revenues, income (or losses) and valuations of technology-related companies can and often do fluctuate suddenly and dramatically. In addition, because of rapid technological change, the average selling prices of products and some services provided by technology-related sectors have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by our portfolio companies that operated in technology-related sectors may decrease over time, which could adversely affect their operating results and, correspondingly, the value of any equity securities that we may hold. This could, in turn, materially adversely affect our business, financial condition and results of operations.

**We may be limited in our ability to make follow-on investments, and our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.**

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (3) attempt to preserve or enhance the value of our investment.

We may elect not to make follow-on investments, or may otherwise lack sufficient funds to make those investments or lack access to desired follow-on investment opportunities. We have the discretion to make any follow-on investments, subject to the availability of capital resources and of the investment opportunity. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our



## TABLE OF CONTENTS

concentration of risk, because we prefer other opportunities, or because we are inhibited by compliance with business development company requirements or the desire to maintain our tax status or lack access to the desired follow-on investment opportunity.

In addition, we may be unable to complete follow-on investments in our portfolio companies that have conducted an initial public offering as a result of regulatory or financial restrictions.

**Because we will generally not hold controlling equity interests in our portfolio companies, we will likely not be in a position to exercise control over our portfolio companies or to prevent decisions by substantial shareholders or management of our portfolio companies that could decrease the value of our investments.**

Generally, we will not take controlling equity positions in our portfolio companies. As a result, we will be subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. In addition, other shareholders, such as venture capital and private equity sponsors, that have substantial investments in our portfolio companies may have interests that differ from that of the portfolio company or its minority shareholders, which may lead them to take actions that could materially and adversely affect the value of our investment in the portfolio company. Due to the lack of liquidity for the equity and equity-related investments that we will typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company or its substantial shareholders, and may therefore suffer a decrease in the value of our investments.

**Investments in foreign companies may involve significant risks in addition to the risks inherent in U.S. investments.**

While we invest primarily in U.S. companies, we may invest on an opportunistic basis in certain non-U.S. companies, including those located in emerging markets, that otherwise meet our investment criteria, although in no event will the aggregate value of our non-U.S. investments exceed 30% of the aggregate value of our total investment portfolio. Investing in foreign companies, and particularly those in emerging markets, may expose us to additional risks not typically associated with investing in U.S. issues. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, we may have difficulty enforcing our rights as equity holders in foreign jurisdictions. In addition, to the extent we invest in non-U.S. companies, we may face greater exposure to foreign economic developments.

Although we expect that most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

### **Risks Relating to Our Business and Structure**

**We are a new company with little operating history, and our investment adviser has only a limited history of investing experience.**

We were initially formed in September 2010 and completed our initial public offering on April 28, 2011. As a result, we have limited financial information on which you can evaluate an investment in our company or our prior performance. In addition, our investment adviser, GSV Asset Management, was formed in November 2009, and has only a limited history of investing experience managing a pool of assets substantially smaller in size than the net proceeds that were received in the initial public offering. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially or fall to zero. We anticipate that it will take us up to six to 12 months to invest substantially all of the net proceeds of this offering in our targeted investments. During this period, we will invest in temporary

## TABLE OF CONTENTS

investments, such as cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less. In addition, we will retain a portion of the net proceeds from this offering for purposes of funding our ongoing operations subsequent to the completion of this offering.

### **Any failure on our part to maintain our status as a business development company would reduce our operating flexibility.**

We intend to continue to qualify as a business development company under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of business development companies. For example, business development companies are required to invest at least 70% of their gross assets in specified types of securities, primarily in private companies or thinly-traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Furthermore, any failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our status as a business development company. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a business development company, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could significantly increase our costs of doing business. If we do not remain a business development company, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

### **We are dependent upon GSV Asset Management's senior investment professionals for our future success, particularly Michael T. Moe, Stephen D. Bard and Luben Pampoulov. If we lose any of our investment adviser's senior investment professionals, our ability to implement our business strategy could be significantly harmed.**

We depend on the diligence, skill and network of business contacts of the GSV Asset Management's senior investment professionals. These senior investment professionals, together with other investment professionals employed by GSV Asset Management, evaluate, negotiate, structure, close, monitor and service our investments. Our future success will depend to a significant extent on the continued service and coordination of our investment adviser's senior investment professionals, particularly Michael T. Moe, Stephen D. Bard and Luben Pampoulov. None of Messrs. Moe, Bard or Pampoulov is subject to an employment contract, and none receive any compensation from us. None of Messrs. Moe, Bard or Pampoulov devote all of their business time to our operations, and each have other demands on their time as a result of their other activities. The departure of any of these individuals could have a material adverse effect on our ability to achieve our investment objective.

### **None of the GSV Asset Management's senior investment professionals or Advisory Board members, including Michael T. Moe, Stephen D. Bard and Luben Pampoulov, are subject to employment agreements, and there can be no assurance that our investment adviser will be successful in retaining its senior investment professionals.**

None of the members of GSV Asset Management's senior investment professionals or its Advisory Board members, including Michael T. Moe, Stephen D. Bard and Luben Pampoulov, are subject to employment agreements. As a result, although Messrs. Moe, Bard and Pampoulov comprise the principals of GSV Asset Management, they are free to terminate their employment with GSV Asset Management at any time. In addition, none of our investment adviser's senior investment professionals or the Advisory Board members, including Messrs. Moe, Bard and Pampoulov, are subject to any non-compete agreements that would restrict their ability to provide investment advisory services to an entity with an investment objective similar to our own in the event they were to terminate their employment with GSV Asset Management, or if GSV Asset Management were to no longer serve as our investment adviser. There can be no assurance that our investment adviser will be successful in retaining its senior investment professionals or the Advisory Board members, including Messrs. Moe, Bard and Pampoulov. The departure of any of Messrs. Moe, Bard or Pampoulov could have a material adverse effect on our ability to achieve our investment objective.

## TABLE OF CONTENTS

Our growth will require that GSV Asset Management retain and attract new investment and administrative personnel in a competitive market. Its ability to attract and retain personnel with the requisite credentials, experience and skills will depend on several factors including, but not limited to, its ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities with which GSV Asset Management will compete for experienced personnel, including investment funds (such as private equity funds and mezzanine funds) and traditional financial services companies, will have greater resources than it.

### **Our financial condition and results of operations will depend on our ability to achieve our investment objective.**

We are a newly organized company. As such, we are subject to the business risks and uncertainties associated with any new business enterprise. Our ability to achieve our investment objective will depend on our investment adviser's ability to identify, analyze and invest in companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our investment adviser's structuring of the investment process and its ability to provide competent, attentive and efficient services to us. We seek a specified number of investments in rapidly growing venture capital-backed emerging companies, which may be extremely risky. There can be no assurance that GSV Asset Management will be successful in identifying and investing in companies that meet our investment criteria, or that we will achieve our investment objective.

In addition to monitoring the performance of our existing investments, GSV Asset Management is required to offer, and may be called upon, to provide, managerial assistance to some of our portfolio companies. GSV Asset Management also currently manages GSV X Fund, LP ("GSV X Fund"), a global long/short absolute return fund, in which we have no economic interest. These demands on their time may distract them or slow the rate of investment. Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

### **We will likely experience fluctuations in our quarterly results and we may be unable to replicate past investment opportunities or make the types of investments we have made to date in future periods.**

We will likely experience fluctuations in our quarterly operating results due to a number of factors, including the rate at which we make new investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. These fluctuations may in certain cases be exaggerated as a result of our focus on realizing capital gains rather than current income from our investments. In addition, there can be no assurance that we will be able to locate or acquire investments that are of a similar nature to those currently in our portfolio. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

### **Our business model depends upon the development and maintenance of strong referral relationships with private equity and venture capital funds and investment banking firms.**

We are substantially dependent on our informal relationships, which we use to help identify and gain access to investment opportunities. If we fail to maintain our relationships with key firms, or if we fail to establish strong referral relationships with other firms or other sources of investment opportunities, we will not be able to grow our portfolio of equity investments and achieve our investment objective. In addition, persons with whom we have informal relationships are not obligated to inform us of investment opportunities, and therefore such relationships may not lead to the origination of equity or other investments. Any loss or diminishment of such relationships could effectively reduce our ability to identify attractive portfolio companies that meet our investment criteria, either for direct equity investments or for investments through private secondary market transactions.

**There are significant potential risks relating to investing in securities traded on private secondary marketplaces.**

We have and expect to continue to utilize private secondary marketplaces, such as SharesPost and SecondMarket, to acquire investments in our portfolio. We generally have little or no direct access to financial or other information from the portfolio companies with respect to which we invest through such private secondary marketplaces. As a result, we are dependent upon the relationships and contacts of our investment adviser's senior investment professionals, its Advisory Board members and our board of directors to obtain the information for our investment adviser to perform research and due diligence, and to monitor our investments after they are made. There can be no assurance that our investment adviser will be able to acquire adequate information on which to make its investment decision with respect to any private secondary marketplace purchases, or that the information it is able to obtain is accurate or complete. Any failure to obtain full and complete information regarding the portfolio companies with respect to which we invest through private secondary marketplaces could cause us to lose part or all of our investment in such companies, which would have a material and adverse effect on our net asset value and results of operations.

In addition, while we believe the ability to trade on private secondary marketplaces provides valuable opportunities for liquidity, there can be no assurance that the portfolio companies with respect to which we invest through private secondary marketplaces will have or maintain active trading markets, and the prices of those securities may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may cause an inability for us to realize full value on our investment. In addition, wide swings in market prices, which are typical of irregularly traded securities, could cause significant and unexpected declines in the value of our portfolio investments. Further, prices in private secondary marketplaces, where limited information is available, may not accurately reflect the true value of a portfolio company, and may in certain cases overstate a portfolio company's actual value, which may cause us to realize future capital losses on our investment in that portfolio company. If any of the foregoing were to occur, it would likely have a material and adverse effect on our net asset value and results of operations.

Investments in private companies, including through private secondary marketplaces, also entail additional legal and regulatory risks which expose participants to the risk of liability due to the imbalance of information among participants and participant qualification and other transactional requirements applicable to private securities transactions, the non-compliance with which could result in rescission rights and monetary and other sanctions. The application of these laws within the context of private secondary marketplaces and related market practices are still evolving, and, despite our efforts to comply with applicable laws, we could be exposed to liability. The regulation of private secondary marketplaces is also evolving. Additional state or federal regulation of these markets could result in limits on the operation of or activity on those markets. Conversely, deregulation of these markets could make it easier for investors to invest directly in private companies and affect the attractiveness of our company as an access vehicle for investment in private shares. Private companies may also increasingly seek to limit secondary trading in their stock, such as through contractual transfer restrictions and employment policies. To the extent that these or other developments result in reduced trading activity and/or availability of private company shares, our ability to find investment opportunities and to liquidate our investments could be adversely affected.

**Due to transfer restrictions and the illiquid nature of our investments, we may not be able to purchase or sell our investments when we wish to do so.**

Most of our investments are or will be in equity or equity-linked securities of privately-held companies. The securities we acquire in private companies are typically subject to contractual transfer limitations, which may include prohibitions on transfer without the company's consent and may require that shares owned by us are held in escrow. In order to complete a purchase of shares we may need to, among other things, give the issuer or its stockholders a particular period of time, often 30 days, in which to exercise a veto right, or a right of first refusal over, the sale of such securities. We may be unable to complete a purchase transaction if the subject company or its stockholders chooses to exercise a veto right or right of first refusal. When we complete an investment, we generally become bound to the contractual transfer limitations imposed on the subject company's stockholders as well as other contractual obligations, such as tag-along rights. These obligations generally expire only upon an IPO by the subject company. As a result, prior to an IPO, our ability to liquidate may be constrained. Transfer restrictions could limit our ability to liquidate our positions in

## TABLE OF CONTENTS

these securities if we are unable to find buyers acceptable to our portfolio companies, or where applicable, their stockholders. Such buyers may not be willing to purchase our investments at adequate prices or in volumes sufficient to liquidate our position, and even where they are willing, other stockholders could exercise their tag-along rights to participate in the sale, thereby reducing the number of shares sellable by us. Furthermore, prospective buyers may be deterred from entering into purchase transactions with us due to the delay and uncertainty that these transfer and other limitations create.

Although we believe that secondary marketplaces may offer an opportunity to liquidate our private company investments, there can be no assurance that a trading market will develop for the securities that we wish to liquidate or that the subject companies will permit their shares to be sold through such marketplaces. Even if some of our portfolio companies complete IPOs, we are typically subject to lock-up provisions that prohibit us from selling our investments into the public market for specified periods of time after IPOs. As a result, the market price of securities that we hold may decline substantially before we are able to sell these securities following an IPO.

Due to the illiquid nature of most of our investments, we may not be able to sell these securities at times when we deem it advantageous to do so, or at all. Because our net asset value is only determined on a quarterly basis and due to the difficulty in assessing this value, our net asset value may not fully reflect the illiquidity of our portfolio, which may change on daily basis, depending on many factors, including the status of the private secondary markets and our particular portfolio at any given time.

### **There are significant potential risks associated with investing in venture capital and private equity-backed companies with complex capital structures.**

We invest primarily in rapidly growing venture capital-backed emerging companies, either through private secondary transactions or direct investments in companies. Such private companies frequently have much more complex capital structures than traditional publicly-traded companies, and may have multiple classes of equity securities with differing rights, including with respect to voting and distributions. In addition, it is often difficult to obtain financial and other information with respect to private companies, and even where we are able to obtain such information, there can be no assurance that it is complete or accurate. In certain cases, such private companies may also have preferred stock or senior debt outstanding, which may heighten the risk of investing in the underlying equity of such private companies, particularly in circumstances when we have limited information with respect to such capital structures. Although we believe that our investment adviser's senior investment professionals, our Advisory Board members and our board of directors have extensive experience evaluating and investing in private companies with such complex capital structures, there can be no assurance that we will be able to adequately evaluate the relative risks and benefits of investing in a particular class of a portfolio company's equity securities. Any failure on our part to properly evaluate the relative rights and value of a class of securities in which we invest could cause us to lose part or all of our investment, which in turn could have a material and adverse effect on our net asset value and results of operations.

### **A disruption in the capital markets or the credit markets could negatively affect our business.**

As a business development company, we need the ability to raise additional capital for investment purposes. Without sufficient access to the capital markets, we may be forced to curtail our business operations or we may not be able to pursue new business opportunities. Disruptive conditions in the financial industry and any new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition.

Although we do not anticipate borrowing funds for investment purposes, to the extent we do utilize leverage and the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by the 1940 Act. Any such failure would affect our ability to issue senior securities, including borrowings, and pay dividends, which could materially impair our business operations. Our liquidity could be impaired further by an inability to access the capital markets. For example, we cannot be certain that we will be able to raise additional equity capital to provide funding for normal operations, including new investments. Reflecting concern about the stability of the financial markets, many institutional investors have reduced or ceased providing funding to certain borrowers. This market turmoil has led to increased market volatility and widespread reduction of business activity generally.

**We operate in a highly competitive market for direct equity investment opportunities.**

A large number of entities compete with us to make the types of direct equity investments that we target as part of our business strategy. We compete for such investments with a large number of private equity and venture capital funds, other equity and non-equity based investment funds, investment banks and other sources of financing, including traditional financial services companies such as commercial banks and specialty finance companies. Many of our competitors are substantially larger than us and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company. There can be no assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make direct equity investments that are consistent with our investment objective.

**The incentive fee may induce GSV Asset Management to make speculative investments.**

The incentive fee payable by us to GSV Asset Management may create an incentive for GSV Asset Management to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. Although no leverage is currently contemplated, the way in which the incentive fee payable to GSV Asset Management is determined, which is calculated as a percentage of the return on invested capital, may encourage GSV Asset Management to use leverage to increase the return on our investments. In addition, while we currently do not use borrowings or other leverage for investment purposes, the fact that our base management fee is payable based upon our gross assets, which would include any borrowings for investment purposes, may encourage GSV Asset Management to use leverage to make additional investments. We will be required, however, to obtain the approval of our board of directors before we incur any future indebtedness. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor holders of our common stock. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during cyclical economic downturns.

In addition, our investment adviser has control over the timing of the acquisition and dispositions of our investments, and therefore over when we realize gains and losses on our investments. As a result, our investment adviser may face a conflict of interest in determining when it is appropriate to dispose of a specific investment to the extent doing so may serve to maximize its incentive fee at a point where disposing of such investment may not necessarily be in the best interests of our stockholders. Our board of directors monitors such conflicts of interest in connection with its review of the performance of our investment adviser under our Investment Advisory Agreement, as well as during its quarterly review of our financial performance and results of operations.

**We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.**

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Although we do not currently anticipate incurring leverage, if we do so we may borrow from and issue senior debt securities to banks, insurance companies and other lenders. Lenders of such senior securities would have fixed dollar claims on our assets that are superior to the claims of our common stockholders. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures.

## TABLE OF CONTENTS

Moreover, as the management fee payable to GSV Asset Management will be payable on our gross assets, including those assets acquired through the use of leverage, GSV Asset Management may have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to GSV Asset Management.

**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, Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary, and Luben Pampoulov, our vice-president. Messrs. Moe, Bard and Pampoulov, 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 tends to be different from our investment objective, it is possible that new investment opportunities that meet our investment objective may come to the attention of one of these entities, or new entities that may 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, GSV Asset Management does not anticipate that it will ordinarily 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. However, to the extent it does identify such opportunities, GSV Asset Management will establish a procedure to ensure that such opportunities are allocated between GSV Capital and such other funds in a fair and equitable manner. 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.

## TABLE OF CONTENTS

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.

### **Our investment adviser has the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.**

Our investment adviser has the right, under the Investment Advisory Agreement, to resign at any time upon not more than 60 days' written notice, whether we have found a replacement or not. If our investment adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

### **The lack of experience of our investment adviser and its management in operating under the constraints imposed on us as a business development company may hinder the achievement of our investment objectives.**

The 1940 Act imposes numerous constraints on the operations of business development companies. For example, business development companies are required to invest at least 70% of their total assets primarily in securities of U.S.-based private companies or public companies with market capitalizations of less than \$250 million, cash, cash equivalents, U.S. government securities and other high quality debt instruments that mature in one year or less. In addition, qualification for taxation as a RIC requires satisfaction of source-of-income, diversification and distribution requirements. GSV Asset Management does not have experience investing under these constraints. These constraints, among others, may hinder GSV Asset Management's ability to take advantage of attractive investment opportunities and to achieve our investment objective.

### **We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.**

Although we focus on achieving capital gains from our investments, in certain cases we may receive current income, such as interest or dividends, on our investments. Because in certain cases we may recognize such current income before or without receiving cash representing such income, we may have difficulty satisfying the annual distribution requirement applicable to RICs. Accordingly, we may have to sell some of



## TABLE OF CONTENTS

our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investments to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus be subject to corporate-level income tax.

### **Regulations governing our operation as a business development company affect our ability to, and the way in which we raise additional capital, which may expose us to risks, including the typical risks associated with leverage.**

Although we have not used leverage and have no present intent to issue preferred stock, we may in the future issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted, as a business development company, to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Furthermore, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders.

If in the future we issue debt or preferred stock, all of the costs of offering and servicing such debt or preferred stock, including interest or preferential dividend payments thereon, will be borne by our common stockholders. The interests of the holders of any debt or preferred stock we may issue will not necessarily be aligned with the interests of our common stockholders. In particular, the rights of holders of our debt or preferred stock to receive interest, dividends or principal repayment will be senior to those of our common stockholders. Also, in the event we issue preferred stock, the holders of such preferred stock will have the ability to elect two members of our board of directors. In addition, we may grant a lender a security interest in a significant portion or all of our assets, even if the total amount we may borrow from such lender is less than the amount of such lender’s security interest in our assets. In no event, however, will any lender to us have any veto power over, or any vote with respect to, any change in our, or approval of any new, investment objective or investment policies or strategies described in this prospectus.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our board of directors determines that such sale is in the best interests of GSV Capital and its stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). We are also generally prohibited under the 1940 Act from issuing securities convertible into voting securities without obtaining the approval of our existing stockholders.

### **We will be subject to corporate-level income tax if we are unable to qualify as a regulated investment company, or RIC.**

Although we intend to elect to be treated as a RIC under Subchapter M of the Code beginning in 2011 and to continue to qualify as a RIC in succeeding taxable years, no assurance can be given that we will be able to qualify for and maintain RIC status. In order to qualify for the special treatment accorded to RICs, we must meet certain income source, asset diversification and annual distribution requirements. In order to satisfy the income source requirement, we must derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or foreign currencies, income from “qualified publicly traded partnerships” or other income derived with respect to our business of investing in such stock or securities. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. In order to satisfy the annual distribution requirement for a RIC, we must 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, to our stockholders on an annual basis.

## TABLE OF CONTENTS

Although no leverage is currently contemplated, because we may use additional debt financing in the future, we may be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the annual distribution requirement. If we are unable to obtain cash from other sources, we may fail to qualify for special tax treatment as a RIC and, thus, may be subject to corporate-level income tax on all our income. If we fail to qualify as a RIC for any reason and become subject to corporate income tax, the resulting corporate-level federal taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders.

### **Even in the event the value of your investment declines, the base management fee will still be payable.**

The base management fee will be calculated at an annual rate of 2.0% of the value of our gross assets, which we pay monthly in arrears. The base management fee is payable regardless of whether the value of our gross assets or your investment declines. As a result, we will owe GSV Asset Management a base management fee regardless of whether we incurred significant realized capital losses and unrealized capital depreciation (losses) during the period for which the base management fee is paid.

### **We incur significant costs as a result of being a publicly traded company.**

As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, and other rules implemented by the Securities and Exchange Commission.

### **Our board of directors is authorized to reclassify any unissued shares of stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.**

Our charter permits our board of directors to reclassify any authorized but unissued shares of stock into one or more classes of preferred stock. Our board of directors will generally have broad discretion over the size and timing of any such reclassification, subject to a finding that the reclassification and issuance of such preferred stock is in the best interests of GSV Capital and our existing common stockholders. Any issuance of preferred stock would be subject to certain limitations imposed under the 1940 Act, including the requirement that such preferred stock have equal voting rights with our outstanding common stock. See “Description of Securities — Preferred Stock.” We are authorized to issue up to 100,000,000 shares of common stock. Based on 5,520,100 shares issued and outstanding as of September 30, 2011, there will be 8,520,100 shares issued and outstanding immediately following the completion of this offering. In the event our board of directors opts to reclassify a portion of our unissued shares of common stock into a class of preferred stock, those preferred shares would have a preference over our common stock with respect to dividends and liquidation. The cost of any such reclassification would be borne by our existing common stockholders. In addition, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two directors. As a result, our preferred stockholders will have the ability to reject a director that would otherwise be elected by our common stockholders. In addition, while Maryland law generally requires directors to act in the best interests of all of a corporation’s stockholders, there can be no assurance that a director elected by our preferred stockholders will not chose to act in a manner that tends to favors our preferred stockholders, particularly where there is a conflict between the interests of our preferred stockholders and our common stockholders. The class voting rights of any preferred shares we may issue could make it more difficult for us to take some actions that may, in the future, be proposed by the board of directors and/or the holders of our common stock, such as a merger, exchange of securities, liquidation, or alteration of the rights of a class of our securities, if these actions were perceived by the holders of preferred shares as not in their best interests. The issuance of preferred shares convertible into shares of common stock might also reduce the net income and net asset value per share of our common stock upon conversion. These effects, among others, could have an adverse effect on your investment in our common stock.

## TABLE OF CONTENTS

### **Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.**

Our board of directors has the authority to modify or waive our investment objective, current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you dividends and cause you to lose all or part of your investment.

### **Changes in laws or regulations governing our operations may adversely affect our business.**

We and our portfolio companies are subject to regulation by laws at the local, state and federal levels. These laws and regulations, as well as their interpretation, may be changed from time to time. Any change in these laws or regulations could have a material adverse effect on our business and the value of your investment.

### **Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.**

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. Our bylaws contain a provision exempting any and all acquisitions by any person of our shares of stock from the Control Share Act under the Maryland General Corporation Law. If our board of directors does not otherwise approve a business combination, the Control Share Act (if we amend our bylaws to be subject to that Act) may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. Additionally, under our charter, our board of directors is divided into three classes serving staggered terms; our board of directors may, without stockholder action, authorize the issuance of shares of stock in one or more classes or series, including preferred stock; and our board of directors may, without stockholder action, amend our charter to increase the number of shares of stock of any class or series that we have authority to issue. These antitakeover provisions may inhibit a change of control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock.

### **Risks Related to This Offering and Our Common Stock**

#### **Our common stock price may be volatile and may decrease substantially.**

The trading price of our common stock may fluctuate substantially. The price of the common stock that will prevail in the market after this offering may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- investor demand for our shares;
- significant volatility in the market price and trading volume of securities of regulated investment companies, business development companies or other financial services companies;
- changes in regulatory policies or tax guidelines with respect to regulated investment companies or business development companies;
- failure to qualify as a RIC for a particular taxable year, or the loss of RIC status;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- general economic conditions and trends;
- fluctuations in the valuation of our portfolio investments;
- operating performance of companies comparable to us;
- market sentiment against technology-related companies; and

## TABLE OF CONTENTS

- departures of any of the senior investment professionals or Advisory Board members of GSV Asset Management.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price, we may therefore be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

### **Our shares have recently traded, and may in the future trade at premiums that may prove to be unsustainable or at discounts from net asset value.**

Shares of business development companies like us may, during some periods, trade at prices higher than their net asset value per share and, during other periods, as frequently occurs with closed-end investment companies, trade at prices lower than their net asset value per share. Our shares have recently traded at a significant premium to our net asset value per share, which premium may be reduced or eliminated if and when certain of our portfolio companies complete initial public offerings. In addition, the perceived value of our investment portfolio may be affected by a number of factors including perceived prospects for individual companies we invest in, market conditions for common stock generally, for initial public offerings and other exit events for venture capital backed companies, and the mix of companies in our investment portfolio over time. Negative or unforeseen developments affecting the perceived value of companies in our investment portfolio could result in a decline in the trading price of our common stock relative to our net asset value per share.

The possibility that our shares will trade at a discount from net asset value or at premiums that are unsustainable are risks separate and distinct from the risk that our net asset value per share will decrease. The risk of purchasing shares of a business development company that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon changes in premium or discount levels than upon increases or decreases in net asset value per share.

### **There is a risk that you may not receive dividends or that our dividends may not grow over time, particularly since we invest primarily in securities that do not produce current income.**

We cannot assure you that we will achieve investment results or maintain a tax status that will allow or require any specified level of cash distributions or year-to-year increases in cash distributions. As we intend to focus on making primarily capital gains-based investments in equity securities, which generally will not be income producing, we do not anticipate that we will pay dividends on a quarterly basis or become a predictable issuer of dividends, and we expect that our dividends, if any, will be less consistent than other business development companies that primarily make debt investments.

### **We will have broad discretion over the use of proceeds of this offering, to the extent it is successful, and will use proceeds in part to satisfy operating expenses.**

We will have significant flexibility in applying the proceeds of this offering and may use the net proceeds from this offering in ways with which you may not agree, or for purposes other than those contemplated at the time of this offering. We can not assure you that we will be able to successfully utilize the proceeds within the timeframe contemplated. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. Our ability to achieve our investment objective may be limited to the extent that the net proceeds of the offering, pending full investment, are used to pay operating expenses. In addition, we can provide you no assurance that the current offering will be successful, or that by increasing the size of our available equity capital our aggregate expenses, and correspondingly, our expense ratio, will be lowered.

### **Investors in this offering will incur immediate and substantial dilution.**

Commissions and discounts payable to the underwriters, together with our organizational expense and other expenses of this offering, will reduce the net proceeds of the offering available for us to invest. As of September 30, 2011 our net asset value was \$73,188,029, or \$13.26 per share. After giving effect to the sale of 3,000,000 shares of our common stock in this offering (assuming no exercise by the underwriters of their

[TABLE OF CONTENTS](#)

over-allotment option) at an assumed public offering price of \$18.75 per share, and after deducting the underwriting discounts and commissions of approximately \$3,937,500 and estimated offering expenses of approximately \$550,000 payable by us, our adjusted net asset value is expected to be approximately \$124,950,529, or \$14.67 per share, representing an immediate and substantial dilution of approximately \$4.08 per share to investors in this offering. In addition, assuming a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012, purchasers in this offering will experience immediate and substantial dilution in net asset value of approximately \$4.38 per share based upon the low point of our unaudited estimated net asset value per share range as of December 31, 2011.

## FORWARD-LOOKING STATEMENTS AND PROJECTIONS

This prospectus 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. 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 prospectus 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 prospectus 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 prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. The forward-looking statements and projections contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the “Securities Act.” In addition, the forward-looking statements and projections contained in any reports we may file subsequent to completion of this offering under the Exchange Act will be excluded from the safe harbor protection provided by Section 21E of the Exchange Act.

**USE OF PROCEEDS**

We estimate that the net proceeds we will receive from the sale of 3,000,000 shares of our common stock in this offering will be approximately \$51.8 million, or approximately \$59.6 million if the underwriters fully exercise their over-allotment option, in each case assuming a public offering price of \$18.75 per share, after deducting the underwriting discounts and commissions and estimated offering expenses of approximately \$550,000 payable out of the proceeds of this offering.

We plan to invest the net proceeds from this offering in portfolio companies in accordance with our investment objective and strategies described in this prospectus. We will also use a portion of the net proceeds to pay operating expenses, and other expenses such as due diligence expenses relating to potential new investments. We anticipate that substantially all of the net proceeds of this offering 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, except for such amounts as may be retained for purposes of funding our ongoing operations subsequent to the completion of this offering. We cannot assure you we will achieve our targeted investment pace. Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment. The management fee payable by us will not be reduced while our assets are invested in such securities. See “Regulation as a Business Development Company — Temporary Investments” for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

**PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS**

Our common stock is traded on the NASDAQ Capital Market under the symbol “GSVC”. The following table sets forth, for each fiscal quarter since our initial public offering on April 28, 2011, the net asset value, or “NAV,” per share of our common stock, the high and low sales prices for our common stock, and such sales prices as a percentage of NAV per share.

	NAV <sup>(1)</sup>	Price Range		High Sales Price as a Premium (Discount) to NAV <sup>(2)</sup>	Low Sales Price as a Premium (Discount) to NAV <sup>(2)</sup>
		High	Low		
<b>Fiscal 2012</b>					
First Quarter (through February 8, 2012)	*	\$ 20.89	\$ 13.03	*	*
<b>Fiscal 2011</b>					
Fourth Quarter	*	17.23	12.10	*	*
Third Quarter	13.26	\$ 19.97	\$ 12.09	50.6%	(8.8)%
Second Quarter (from April 28, 2011 through June 30, 2011)	\$ 13.57	\$ 15.35	\$ 9.75	13.1%	(28.2)%

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAV per share figures shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low sales price divided by NAV per share.

\* Not determinable as of the date of this prospectus.

On February 8, 2012, the last reported sales price of our common stock was \$18.75 per share.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at premiums that are unsustainable over the long term or at a discount from net asset value are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering on April 28, 2011, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of February 8, 2012, our shares of common stock traded at a premium equal to approximately 41.4% of the net assets attributable to those shares based upon our \$13.26 NAV per share as of September 30, 2011. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

## TABLE OF CONTENTS

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. As a consequence, we do not anticipate that we will pay dividends on a quarterly basis or become a predictable issuer of dividends, and we expect that our dividends, if any, will be much less consistent than other business development companies that primarily make debt investments. However, to the extent 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 2011 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. 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.” We can offer 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.



**CAPITALIZATION**

The following table sets forth:

- our actual cash and capitalization as of September 30, 2011; and
- our cash and capitalization as adjusted to reflect the sale of our 3,000,000 shares of common stock in this offering (assuming no exercise by the underwriters of their over-allotment option) at an assumed public offering price of \$18.75 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable out of the proceeds of this offering.

	<u>As of September 30, 2011</u>	
	<u>Actual</u>	<u>As Adjusted</u>
<b>Assets<sup>(1)</sup>:</b>		
Cash	\$ 32,098,207	\$ 83,860,707
Total assets	\$ 73,715,970	\$ 125,478,470
<b>Stockholders' equity:</b>		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, 5,520,100 shares outstanding, actual, 8,520,100 shares outstanding, as adjusted	\$ 55,201	\$ 85,201
Additional paid-in capital	75,042,833	126,775,333
Accumulated net investment loss	(1,356,201)	(1,356,201)
Unrealized depreciation on investments	(553,804)	(553,804)
Total stockholders' equity	<u>\$ 73,188,029</u>	<u>\$ 124,950,529</u>

(1) From October 1, 2011 through December 31, 2011, we have used approximately \$23.5 million of our available cash to acquire additional portfolio investments. This is not reflected in the as adjusted column.

## DILUTION

The potential dilution to investors in this offering is represented by the amount by which the offering price per share exceeds our net asset value per share after the completion of this offering. Net asset value per share is determined by dividing our net asset value, which is our total assets less total liabilities, by the number of outstanding shares.

As of September 30, 2011 our net asset value was \$73,188,029, or \$13.26 per share. After giving effect to the sale of 3,000,000 shares of our common stock in this offering (assuming no exercise by the underwriters of their over-allotment option) at an assumed public offering price of \$18.75 per share, and after deducting the underwriting discounts and commissions of approximately \$3,937,500 and estimated offering expenses of approximately \$550,000 payable by us, our adjusted net asset value is expected to be approximately \$124,950,529, or \$14.67 per share, representing an immediate and substantial dilution of approximately \$4.08 per share to investors in this offering.

The following table illustrates the dilution on a per share basis, taking into account the assumptions set forth above:

Assumed offering price per share	\$	18.75
September 30, 2011 net asset value per share before this offering	\$	13.26
Increase per share attributable to investors in this offering	\$	5.49
As adjusted net asset value per share immediately after this offering	\$	14.67
Dilution per share attributable to investors in this offering	\$	4.08

In addition, assuming a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012, purchasers in this offering will experience immediate and substantial dilution in net asset value of approximately \$4.38 per share based upon the low point of our unaudited estimated net asset value per share range as of December 31, 2011.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 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-mobile, cloud computing, internet commerce, green technology and education technology. Our investment adviser's investment decisions are based on a disciplined analysis of available information regarding each potential portfolio company's business operations, focusing on the company's growth potential, the quality of recurring revenues and cash flow and cost structures, as well as an understanding of key market fundamentals. Many of the companies that our investment adviser evaluates have financial backing from top tier venture capital funds or other financial or strategic sponsors.

We seek to deploy capital primarily in the form of non-controlling equity and equity-related investments, including common stock, warrants, preferred stock and similar forms of senior equity, which may or may not be convertible into a portfolio company's common equity, and convertible debt securities with a significant equity component. We anticipate that substantially all of the combined net proceeds of this offering 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 we expect will initially include diversified investments in 15 to 30 companies. As of December 31, 2011, we have completed investments in 21 companies for aggregate consideration of \$64,900,582 (exclusive of transaction fees and costs), or 85.3% of the combined net proceeds from our public offerings. We expect that the total number of portfolio companies in which we are invested will increase as our equity capital base grows subsequent to the completion of this offering.

In May 2011 we completed our initial public offering of 3,335,000 shares of our common stock at an offering price of \$15.00 per share, resulting in net proceeds to GSV Capital Corp of approximately \$46.5 million.

In September 2011 we completed our first follow-on public offering of 2,185,000 shares of our common stock at an offering price of \$14.15 per share, resulting in net proceeds to GSV Capital Corp. of approximately \$29.6 million. We used the proceeds of our follow-on offering to increase our holdings in Facebook, Inc., Kno, Inc., and Twitter, Inc., as well as to make new investments in eight private companies, Control 4, Inc., DreamBox Learning, Inc., Dropbox, Inc., Grockit, Inc., StormWind, LLC, The Echo System Corp., The rSmart Group, Inc. and ZocDoc, Inc.

Effective May 26, 2011, we changed our name from NeXt Innovation Corp. to GSV Capital Corp.

### Investments

During the period from April 28, 2011 to September 30, 2011, we closed on investments of \$41,389,584, plus transaction costs, in 13 portfolio companies.

We closed on an investment of \$2,250,000 in Kno, Inc., an education software company, on May 16, 2011.

We closed on an investment of \$712,380, plus transaction costs, in Serious Energy, Inc., a green technology company, on June 6, 2011.

## TABLE OF CONTENTS

We closed on an investment of \$280,000, plus transaction costs, in Gilt Groupe, Inc., an eCommerce platform, on June 17, 2011.

We closed on an investment of \$6,587,500, plus transaction costs, in Facebook, Inc., a social-networking company, on June 23, 2011.

We closed on an investment of \$5,999,996, plus transaction costs, in Chegg, Inc., an online textbook rental company, on June 29, 2011.

We closed on an investment of \$414,827, plus transaction costs, in Bloom Energy Corporation, a green technology company, on June 30, 2011.

We closed on an investment of \$166,500, plus transaction costs, in Bloom Energy Corporation on July 8, 2011. This transaction was included in Escrow deposits in the statement of assets and liabilities at June 30, 2011.

We closed on an investment of \$200,000, plus transaction costs, in Silver Spring Networks, Inc., a green technology company, on July 11, 2011.

We closed on an investment of \$2,250,000, plus transaction costs, in SharesPost, Inc., a secondary marketplace for private equity investments, on July 19, 2011.

We closed on an investment of \$1,968,000, plus transaction costs, in Gilt Groupe, Inc., an eCommerce platform, on July 25, 2011.

We closed on a follow-on investment of \$190,000, plus transaction costs, in Bloom Energy Corporation, on August 9, 2011.

On August 15, 2011, we acquired a \$4 million unsecured promissory note (“Zynga Note”) issued by PJB Fund LLC, a Delaware limited liability company (“Borrower”), which note is personally guaranteed by its members on a limited basis. Because Zynga, Inc. completed its initial public offering on December 20, 2011, the Zynga Note is now expected to mature on July 28, 2012, or within 34 days thereafter, and to be settled, at the Borrower’s election, in shares of common stock of Zynga, subject to a cap, or in cash in an amount of equivalent value. The amount payable under the Zynga Note (the “Repayment Amount”) 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. To the extent that the average closing price of Zynga’s common stock for the 20 day-period immediately prior to the maturity date (the “Average Closing Price”) ranges between \$8.25 to \$16.50 per share, the Repayment Amount will provide a return of 10%. At Average Closing Prices between \$16.51 to \$18.00, the Repayment Amount will provide a return in excess of 10% up to 20%. At an Average Closing Price in excess of \$18.00 per share, the Repayment Amount also will include a return equal to 50% of such incremental share price appreciation. At an Average Closing Price below \$7.50 per share, the cap applicable to settlement in shares will effectively allow Borrower to settle the Zynga Note for less than the face amount of the loan. To the extent the Borrower elects to repay the Zynga Note in cash, we will have no further direct or indirect interest in Zynga, Inc.

We closed on a follow-on investment of \$1,000,008, plus transaction costs, in Bloom Energy Corporation, on August 17, 2011.

We closed on a follow-on investment of \$3,251,250, plus transaction costs, in Gilt Group, Inc. on August 22, 2011.

We closed on an investment of \$2,035,200, plus transaction costs, in Groupon, Inc., an online provider of daily coupons for various consumer products, on August 22, 2011.

We closed on an investment of \$6,932,493, plus transaction costs, in Twitter, Inc., an online short messaging platform, on August 22, 2011.

We closed on a follow-on investment of \$901,430, plus transaction costs, in Silver Spring Networks, Inc., on August 30, 2011.

## TABLE OF CONTENTS

We closed on investment of \$2,000,000, plus transaction costs, in TrueCar, Inc., an online automotive research destination, on August 30, 2011.

We closed on an investment of \$250,000, plus transaction costs in ZoomSystems, a producer of automated retail vending machines, on August 31, 2011.

From October 1, 2011 to December 31, 2011, we closed on investments of \$23,510,998, plus transaction costs, in 11 new and current portfolio companies.

We closed on an investment of \$1,000,000, plus transaction costs, in Control 4 Inc., a smart home automation company, on October 4, 2011.

We closed on an investment of \$2,000,000, plus transaction costs in Grocket Inc., an online test preparation company, on October 7, 2011.

We closed on a follow-on investment of \$1,593,000, plus transaction costs, in Twitter, Inc. on October 21, 2011.

We closed on a follow-on investment of \$3,875,000, plus transaction costs, in Facebook, Inc., on November 8, 2011.

On November 14, 2011, we acquired a \$500,000 unsecured convertible promissory note (the "Echo Note") issued by The Echo System Corp. ("Echo") that accrues interest annually at a rate of 6%. The Echo Note will mature on the earlier of the occurrence of certain fundamental corporate events of the issuer ("Fundamental Events") and January 28, 2013. The Note is subject to being repaid in cash, or upon the occurrence of a Fundamental Event, converts or becomes convertible into shares of Echo stock at a conversion price equal to the lesser of 80% of the reference price in respect of the Fundamental Event and the per-share price that would imply a \$7.5 million valuation of Echo. In addition, we acquired warrants to purchase up to an additional 35% of the shares issuable upon conversion of the principal amount of the Echo Note at the price per share at which shares are next issued in a qualified equity financing, or \$0.20 per share if there is no qualified equity financing prior to maturity.

We closed on an investment of \$3,500,000, plus transaction costs, in ZocDoc Inc., a company that provides online booking for doctor and dentist appointments, on November 15, 2011.

We closed on an investment of \$4,999,998, plus transaction costs, in Dropbox, an online storage service, on November 15, 2011.

We closed on a follow-on investment of \$3,588,000, plus transaction costs, in Twitter, Inc., on November 18, 2011.

We closed on an investment of \$750,000, plus transaction costs, in DreamBox Learning, Inc., an education technology company, on December 6, 2011.

We closed on a follow-on investment of \$205,000, plus transaction costs, in Kno, Inc., on December 15, 2011.

We closed on an investment of \$1,000,000, plus transaction costs in StormWind, LLC, a developer of online technology courses, on December 15, 2011.

We closed on an investment of \$500,000, plus transaction costs in The rSmart Group, Inc., a higher education learning platform provider, on December 19, 2011.

We purchased a \$20,000,000 United States Treasury Bill on December 30, 2011. We sold the \$20,000,000 United States Treasury Bill on January 3, 2012.

## **Results of Operations**

*As January 6, 2011 is our date of inception, there is no comparable period to compare results for the period from January 6, 2011 to September 30, 2011.*

## TABLE OF CONTENTS

### ***Investment Income***

For the three months ended September 30, 2011, as well as 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 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 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 \$152,916 for the three months ended September 30, 2011. For the period from January 6, 2011 (date of inception) to September 30, 2011, we incurred \$1,409,609 in total operating expenses. 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 \$271,548 for the period from January 6, 2011 (inception) to September 30, 2011.

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

For the three months ended September 30, 2011, and for the period from January 6, 2011 (date of inception) to September 30, 2011, we had a net change in unrealized depreciation of \$494,170, or \$0.14 per share, and \$553,804, or \$0.23 per share, respectively. Net investment loss was \$680,088, or \$0.20 per share, for the three months ended September 30, 2011, and \$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 \$1,174,258, or \$0.34 per share, for the three months ended September 30, 2011, and \$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 3,430,100 shares outstanding for the three months ended September 30, 2011, and a weighted-average of 2,460,565 shares outstanding for the period from January 6, 2011 (date of inception) to September 30, 2011.

As of September 30, 2011, the fair value of our portfolio investments was equal to the cost of the investments, net of unrealized depreciation representing transaction costs. 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. Subsequent to September 30, 2011, two of our portfolio companies, Groupon, Inc. and Zynga, Inc. completed initial public offerings. As of September 30, 2011, our investments included 80,000 shares of common stock of Groupon, Inc. with a fair value of \$2,035,200 (or \$25.44 on a per-share basis) and a \$4,000,000 promissory note issued by PJB Fund LLC that we expect to mature on June 28, 2012, or within 34 days thereafter, the return on which is based in part on the value of Zynga, Inc.'s common stock, as more fully discussed under "Investments," with a fair value of \$4,000,000. These investments collectively comprised 8.2% of our net asset value as of September 30, 2011. Our shares in Groupon, Inc. are presently subject to lock-up agreement that expire on May 1, 2012. Market trading levels for these companies will be taken into consideration when calculating the fair value of such investments as of December 31, 2011. As of December 30, 2011 the closing market price for Groupon, Inc. common stock was \$20.63 and the closing market price for Zynga, Inc. common stock was \$9.41. In addition, on February 1, 2012, Facebook, Inc. filed a registration statement with the SEC in connection with its proposed initial public offering. We own 350,000 shares of Class B common stock of Facebook, Inc., which are presently subject to a lock-up agreement that will expire 181 days after the date of the final prospectus relating to Facebook, Inc.'s initial public offering, if consummated. While there can be no assurance that it will do so, if Facebook, Inc. completes its initial public offering, its market trading levels will be taken into consideration when calculating the fair value of our investment. The current significant premium at which our shares trade relative to our net asset value per share may be attributable to a number of factors, including Facebook, Inc.'s proposed initial public offering, a positive outlook by investors on other existing portfolio companies and positive trading on companies in our

## TABLE OF CONTENTS

portfolio which have gone public. Such a significant premium may not be sustainable in the future if and when companies in our portfolio, such as Facebook, Inc., go public thereby creating an increased public availability of shares of such companies, particularly if the public perception of the prospects of such companies are adversely affected, and if overall market conditions or investor sentiment declines. This will enhance the risk that the price of your shares in our company will decline.

Our December 31, 2011 unaudited net asset value per share is estimated to be between \$12.80 and \$12.95. On January 18, 2011, our valuation committee reviewed and made a determination with respect to the recommended fair value of our portfolio assets as of December 31, 2011 in accordance with our valuation policy. Our December 31, 2011 net asset value estimate is based on our valuation committee's recommendation of the fair value of our portfolio investments as well as other factors, including expected operating expenses. We have provided an estimate of our December 31, 2011 net asset value per share because our board of directors has not yet determined our actual net asset value as of December 31, 2011. The estimated decrease in net asset value per share from September 30, 2011 to December 31, 2011 is primarily due to ongoing operating expenses incurred by us during the quarter and net fair market value adjustments taken on our portfolio. Our actual net asset value for December 31, 2011 will be subject to the final determination by our board of directors. See "Risk Factors — Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our portfolio investments."

### **Liquidity and Capital Resources**

At September 30, 2011, we had investments in 13 portfolio companies with costs totaling \$41,943,388, and cash in the amount of \$32,098,207, which included approximately \$29.6 million in net proceeds raised in our follow-on offering as described below. The fair value, as of September 30, 2011, of those investments was \$41,389,584. We also held \$32,098,207 in unrestricted cash on September 30, 2011.

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 of approximately \$46.5 million. Our shares are currently listed on the NASDAQ Capital Market under the symbol "GSVC".

On September 26, 2011, we priced a follow-on offering, selling 2,185,000 shares at a price of \$14.15 per share. The follow-on offering resulted in net proceeds to the Company of approximately \$29.6 million.

Our primary use of cash is to make investments and to pay our operating expenses. We expect to use substantially all of the proceeds of this offering to invest in portfolio companies within six to 12 months of the initial public offering date, depending on the availability of investment opportunities that are consistent with our investment objectives and market conditions, 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 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 \$233,961 in investment management fees and \$192,031 in costs incurred under the administration agreement for the three months ended September 30, 2011, and \$384,904 in investment management fees and \$305,066 in costs incurred under the administration agreement for the period from January 6, 2011 (date of inception) to September 30, 2011.

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

As of September 30, 2011, we had no off-balance sheet arrangements, including any risk management of commodity pricing or other hedging practices.

### **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

## TABLE OF CONTENTS

issuer of dividends, and we expect that our dividends, if any, will be much less consistent than 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 2011 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. 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. In addition, 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. 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. 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, 2011.

### **Related Party Transactions**

#### ***Investment Advisory Agreement***

We have 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 \$233,961 in base fees and \$0 in incentive fees for the three months ended September 30, 2011, and \$384,904 in base fees and \$0 in incentive fees for the period from January 6, 2011 (date of inception) to September 30, 2011.

As of September 30, 2011, we were owed \$809 from GSV Asset Management for reimbursement of insurance premiums and other expenses paid for by us that were the responsibility of GSV Asset Management.



## TABLE OF CONTENTS

In addition, we owed certain officers and directors \$34,635 and GSV Asset Management \$74 as of September 30, 2011 in reimbursements for travel-related and other expenses.

### ***Administration Agreement***

We have 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 \$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.

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 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).

### **Critical Accounting Policies**

#### ***Basis of Presentation***

The financial statements included herein are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2011.

#### ***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:

## TABLE OF CONTENTS

- 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. 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.

### ***Recently Issued 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. At this time management is evaluating the implications of the amendment and the impact to the financial statements of GSV Capital Corp.

## BUSINESS

### GSV Capital

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-mobile, cloud computing, internet commerce, green technology and education technology. Our investment adviser's investment decisions are based on a disciplined analysis of available information regarding each potential portfolio company's business operations, focusing on the company's growth potential, the quality of recurring revenues and cash flow and cost structures, as well as an understanding of key market fundamentals. Top tier venture capital funds or other financial or strategic sponsors have invested in many of the companies that our investment adviser evaluates.

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 this offering 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 we expect will initially include diversified investments in 15 to 30 companies. As of December 31, 2011, we have completed investments in 21 companies for aggregate consideration of \$64,900,582 (exclusive of transaction fees and costs), or 85.3% of the combined net proceeds from our public offerings. We expect that the total number of portfolio companies in which we are invested will increase as our equity capital base grows subsequent to the completion of this offering.

Two of the companies in our portfolio, Groupon, Inc. and Zynga, Inc., completed their initial public offerings in the fourth quarter of 2011. We own 80,000 shares of Groupon, Inc., which are presently subject to a lock-up agreement that expires on May 1, 2012. With respect to Zynga, we hold a \$4,000,000 unsecured promissory note issued by PJB Fund LLC that we expect to mature on June 28, 2012, or within 34 days thereafter, the repayment amount of which includes a return based on the relative value of the common stock of Zynga, Inc. As of September 30, 2011, these investments collectively comprised approximately 8.2% of our net asset value, and the fair value of these investments was equal to the cost of the investments, net of unrealized depreciation representing transaction costs. The market trading levels for these companies will be taken into consideration when calculating the fair value of such investments as of December 31, 2011. In addition, on February 1, 2012, Facebook, Inc. filed a registration statement with the SEC in connection with its proposed initial public offering. We own 350,000 shares of Class B common stock of Facebook, Inc., which are presently subject to a lock-up agreement that will expire 181 days after the date of the final prospectus relating to Facebook, Inc.'s initial public offering, if consummated. While there can be no assurance that it will do so, if Facebook, Inc. completes its initial public offering, its market trading levels will be taken into consideration when calculating the fair value of our investment. For a more detailed discussion of these investments and developments that may impact their fair market value as determined by our board of directors, see "Investments" and "Net Decreases in Net Assets" in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### *Immediate and Substantial Dilution Per Share*

**Assuming a public offering price of \$18.75 per share, the last reported sales price for our common stock on the NASDAQ Capital Market on February 8, 2012, purchasers in this offering will experience**

## TABLE OF CONTENTS

immediate and substantial dilution in net asset value of approximately \$4.08 per share based upon our net asset value per share as of September 30, 2011, or \$4.38 per share based upon the low point of our unaudited estimated net asset value per share range as of December 31, 2011. See “Dilution” for more information.

### *Risk of Loss of Premium to Investors in this Offering*

The current significant premium at which our shares trade relative to our net asset value per share may be attributable to a number of factors, including Facebook, Inc.'s proposed initial public offering, a positive outlook by investors on other existing portfolio companies and positive trading on companies in our portfolio which have gone public. Such a significant premium may not be sustainable in the future if and when companies in our portfolio, such as Facebook, Inc., go public thereby creating an increased public availability of shares of such companies, particularly if the public perception of the prospects of such companies are adversely affected, and if overall market conditions or investor sentiment declines. This will enhance the risk that the price of your shares in our company will decline.

### *Estimated Net Asset Value*

Our December 31, 2011 unaudited net asset value per share is estimated to be between \$12.80 and \$12.95. On January 18, 2011, our valuation committee reviewed and made a determination with respect to the recommended fair value of our portfolio assets as of December 31, 2011 in accordance with our valuation policy. Our December 31, 2011 net asset value estimate is based on our valuation committee's recommendation of the fair value of our portfolio investments as well as other factors, including expected operating expenses. We have provided an estimate of our December 31, 2011 net asset value per share because our board of directors has not yet determined our actual net asset value as of December 31, 2011. The estimated decrease in net asset value per share from September 30, 2011 to December 31, 2011 is due to ongoing operating expenses incurred by us during the quarter and net fair market value adjustments taken on our portfolio. Our actual net asset value for December 31, 2011 will be subject to the final determination by our board of directors. See “Determination of Net Asset Value” and “Risk Factors — Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our portfolio investments.”

### *Current Portfolio*

We have limited information about the financial performance and profitability of our portfolio companies. While according to public filings with the SEC, certain of our portfolio companies have earned net income in recent periods, we believe that substantially all of our portfolio companies are currently experiencing operating losses. There can be no assurance when or if such companies will operate at a profit. In addition, our current portfolio company investments are also concentrated in a limited number of companies. As of December 31, 2011, over half of our portfolio company investments was comprised of investments in four companies.

As of December 31, 2011, we have completed investments in the companies identified below. For those investments held as of September 30, 2011, amounts include transaction fees and costs. For those investments acquired subsequent to September 30, 2011, amounts are exclusive of transaction fees and costs as those have not yet been finally determined. Fair value was determined in good faith by our board of directors as of September 30, 2011 for those investments held as of September 30, 2011. For those investments acquired subsequent to September 30, 2011, our board of directors has not yet determined their fair value and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

**TABLE OF CONTENTS**

<b>Investment<sup>(1)</sup></b>	<b>Cost<sup>(2)</sup></b>	<b>Fair Value<sup>(3)</sup></b>	<b>Source(s)</b>	<b>Description</b>
Bloom Energy Corporation	\$1,815,818	\$1,771,335	Secondary marketplace and direct from stockholder	Provider of solid oxide fuel cell technology that generates power onsite from a wide variety of fuel sources
Chegg, Inc.	\$6,003,694	\$5,999,996	Direct from stockholder	Online textbook rental company serving students nationwide
Control 4 Inc.	\$1,000,000	\$1,000,000 <sup>(4)</sup>	Direct from stockholder	Smart home automation company
DreamBox Learning, Inc.	\$750,000	\$750,000 <sup>(4)</sup>	Direct from issuer	Education technology company
Dropbox, Inc.	\$4,999,998	\$4,999,998 <sup>(4)</sup>	Direct from stockholder	Online storage service
Facebook, Inc.	\$10,464,670	\$10,462,500 <sup>(5)</sup>	Secondary marketplace	Leading online social network
Gilt Groupe, Inc.	\$5,576,979	\$5,499,250	Secondary marketplace and direct from stockholder	Online shopping destination offering its members access to discounted prices on merchandise, restaurants and vacations
Grockit Inc.	\$2,000,000	\$2,000,000 <sup>(4)</sup>	Direct from issuer	Online test preparation company
Groupon, Inc.	\$2,127,577	\$2,035,200	Secondary marketplace	Online provider of daily coupons for various consumer products
Kno, Inc.	\$2,462,959	\$2,455,000 <sup>(6)</sup>	Direct from issuer and direct from stockholder	Provider of education software, digital textbooks and social engagement tools for students
PJB Fund LLC <sup>(7)</sup>	\$4,028,914	\$4,000,000	Direct from borrower	Debt investment linked until maturity to the value of Zynga, Inc., a developer of online social games
Serious Energy, Inc.	\$738,674	\$712,380	Secondary marketplace	Products and services to make buildings more energy-efficient
SharesPost, Inc.	\$2,280,920	\$2,250,000	Direct from issuer	Online marketplace for the exchange of private company equity
Silver Spring Networks, Inc.	\$1,153,381	\$1,101,430	Secondary marketplace	Hardware, software and services that connect devices on the smart grid
StormWind, LLC	\$1,000,000	\$1,000,000 <sup>(4)</sup>	Direct from issuer	Online technology courses
The Echo System Corp. <sup>(8)</sup>	\$500,000	\$500,000 <sup>(4)</sup>	Direct from issuer	Social analytics

**TABLE OF CONTENTS**

<b>Investment<sup>(1)</sup></b>	<b>Cost<sup>(2)</sup></b>	<b>Fair Value<sup>(3)</sup></b>	<b>Source(s)</b>	<b>Description</b>
The rSmart Group, Inc.	\$500,000	\$500,000 <sup>(4)</sup>	Direct from issuer	Higher education learning platform
TrueCar, Inc.	\$2,001,782	\$2,000,000	Direct from issuer	Online automotive research destination
Twitter, Inc.	\$12,288,703	\$12,113,493 <sup>(9)</sup>	Secondary marketplace and direct from stockholder	Short messaging platform
ZocDoc Inc.	\$3,500,000	\$3,500,000	Direct from stockholder	Online booking for doctor and dentist appointments
ZoomSystems	\$260,317	\$250,000	Direct from stockholder	Automated retail vending machines
<b>Total</b>	\$65,454,386	<b>\$64,900,582<sup>(10)</sup></b>		

(1) Unless otherwise noted, each investment represents an equity investment in the listed issuer. In addition, we closed an investment of \$100,000, plus transaction costs, in a note, plus warrants, issued by AlwaysOn Network, LLC, an internet media company, on January 10, 2012, which has been omitted from the above table given its size relative to the remainder of the portfolio and the fact that its fair value has not yet been subject to review by our valuation committee or board of directors.

(2) For those investments held as of September 30, 2011, amounts include transaction fees and costs. For those investments acquired subsequent to September 30, 2011, amounts are exclusive of transaction fees and costs as those have not yet been finally determined.

(3) Fair value was determined in good faith by our board of directors as of September 30, 2011 for those investments held as of September 30, 2011. For those investments acquired subsequent to September 30, 2011, our board of directors has not yet determined their fair value and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

(4) Reflects cost of the investment, exclusive of transaction fees and costs. Since we acquired the investment subsequent to September 30, 2011, our board of directors has not yet determined the fair value of such investment.

(5) As of September 30, 2011, we had invested approximately \$6,589,670 (inclusive of transaction fees and costs) in equity securities of Facebook, Inc. that had a fair value of \$6,587,500 as of September 30, 2011. In addition, we invested an additional \$3,875,000 in equity securities of Facebook, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

(6) As of September 30, 2011, we had invested approximately \$2,257,959 (inclusive of transaction fees and costs) in equity securities of Kno, Inc. that had a fair value of \$2,250,000 as of September 30, 2011. In addition, we invested an additional \$205,000 in equity securities of Kno, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.

(7) Represents a \$4 million unsecured promissory note 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. To the extent the borrower repays the note in cash, we would have no further direct or indirect interest in Zynga, Inc. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments" for additional information regarding this investment.

(8) Represents a \$500,000 unsecured convertible promissory note issued by The Echo System Corp., that may be repaid in cash, or upon certain fundamental corporate events, converted into shares of the issuer's stock, as well as warrants to purchase an additional number of shares equal to 35% of the shares issuable

## TABLE OF CONTENTS

upon conversion of the principal amount of the note at the price per share at which shares are next issued in a qualified equity financing, or \$0.20 per share if there is no qualified equity financing prior to maturity.

- (9) As of September 30, 2011, we had invested approximately \$7,107,703 (inclusive of transaction fees and costs) in equity securities of Twitter, Inc. that had a fair value of \$6,932,493 as of September 30, 2011. In addition, we invested an additional \$5,181,000 in equity securities of Twitter, Inc., exclusive of transaction fees and costs, subsequent to September 30, 2011. Our board of directors has not yet determined the fair value of the additional equity securities we acquired subsequent to September 30, 2011 and such investments are included at purchase cost on the acquisition date exclusive of transaction fees and costs.
- (10) Since we acquired some of these investments subsequent to September 30, 2011, our board of directors has not yet determined the total fair value of our portfolio.

Our investment advisers track a broad list of potential investment opportunities based on fit with our key investment themes and financial characteristics. We currently have over 100 companies under consideration, which we regularly monitor to determine near- and long-term opportunities. At present, our broad list includes companies representing the following investment themes: social-mobile (41.7%), education technology (19.6%), green technology (5.5%), internet commerce (25.5%) and cloud computing (7.7%). The size of companies that we track varies significantly, from technology start-ups to well established near-term IPO candidates.

Within our broad list, we identify a subset of the opportunities that we believe provide the most attractive prospects for future investment. We generally have approximately 30 investments actively under evaluation at any given time. We devote most of our research efforts on understanding, analyzing and valuing these top 30 companies. Our investment adviser actively seeks opportunities to invest in these potential portfolio companies at pre-determined target prices. At any time, we may be in negotiations or in a pre-closing escrow period with several of the companies in our pipeline.

### **About GSV Asset Management**

Our investment activities are managed by GSV Asset Management, an investment adviser registered under the Investment Advisers Act of 1940, as amended, or the “Advisers Act.” GSV Asset Management is led by Michael T. Moe, our president, chief executive officer and chairman of our board of directors. Mr. Moe is assisted by Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary and Luben Pampoulov, our vice-president, whom we refer to collectively as GSV Asset Management’s senior investment professionals. Mr. Moe co-founded and previously served as chairman and chief executive officer of ThinkEquity Partners, an asset management and investment banking firm focusing on venture capital, entrepreneurial and emerging growth companies. Prior to founding ThinkEquity, Mr. Moe served as Head of Global Growth Research at Merrill Lynch and before that served as Head of Growth Research and Strategy at Montgomery Securities. Mr. Moe has written extensively about investing in the emerging growth equity markets. His critically-acclaimed book, “*Finding the Next Starbucks*,” articulates Mr. Moe’s investment process and philosophy which have been refined over more than two decades in the investment community.

We believe we benefit from the proven ability of our investment adviser’s senior investment professionals and board of advisers (the “Advisory Board”) to identify attractive investment opportunities, conduct diligence on and value prospective investments, negotiate terms, and manage and monitor a diversified portfolio of those investments. See “Portfolio Management — Advisory Board to GSV Asset Management.” Our investment adviser’s senior investment professionals and Advisory Board members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts that provides us with an important source of investment opportunities.

We pay GSV Asset Management a fee for its services under the Investment Advisory Agreement consisting of two components — a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31,

## TABLE OF CONTENTS

2011, and will equal the lesser of (i) 20% of our realized capital gains during such 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 our 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. See “Investment Advisory Agreement.” Although we do not currently have any specific plans to incur debt or use leverage, the terms for calculating the management fee create an incentive for our investment adviser to utilize leverage in the future because our management fee is based on our gross assets, including issuances of preferred stock and borrowings for investment purposes, rather than our net assets. We will be required, however, to obtain the approval of our board of directors before we incur any future indebtedness.

### **Investment Opportunity**

The technology industry is experiencing a convergence of numerous disruptive trends, producing new high-growth markets. The growth of both social networking and connected mobile devices, such as smartphones and tablets, has opened up new channels for communication and real-time collaboration. The number of devices and people that regularly connect to the Internet has increased dramatically in recent years, generating significant demand for always accessible, personalized and localized content and real-time online interactivity. These factors are creating opportunities for new market participants and significant growth for established companies with leading positions capitalizing on these trends.

At the same time, the initial public offering, or “IPO,” markets have experienced substantial structural changes which have made it significantly more challenging for private companies to go public. Volatile equity markets, a lack of investment research coverage for smaller companies and investor demand for a longer history of earnings growth have resulted in companies staying private significantly longer than in the past. In addition, increased public company compliance obligations such as those imposed by the Sarbanes-Oxley Act of 2002 have made it more costly and less attractive to become a public company. As a result, there are significantly fewer IPOs today than there were a decade ago, with prospective public companies taking longer to come to market. For example, from 1991 – 2000, there were 4,361 IPOs in the United States, of which 1,701 were venture-capital backed. From 2001 – 2010, there were 1,016 IPOs, of which 369 were venture-capital backed.

Because private companies are staying private longer, private investment in late stage companies has increased. Private secondary marketplaces, such as SharesPost and SecondMarket, have emerged as an alternative to traditional public equity exchanges to provide liquidity to private company stockholders, including employees, particularly within the technology sector. While such private secondary marketplaces generally have more limited transaction volume than public exchanges, they do provide accredited investors, such as ourselves, with access to equity investments in private companies. Such markets also provide a source for exiting private company investments, as well as price visibility from trading on a marketplace.

### **Investment Strategy**

We seek to create a portfolio of high-growth emerging private companies via a repeatable and disciplined investment approach, as well as to provide investors with access to such companies through our publicly traded common stock.

Our investment objective is to maximize our portfolio’s total return, principally by seeking capital gains on our equity investments. We have adopted the following business strategies to achieve our investment objective:

- **Identify high quality growth companies.** Based on our extensive experience in analyzing technology trends and markets, we have identified the technology sub-sectors of social-mobile, cloud computing, internet commerce, green technology and education technology, as opportunities where we believe companies are capable of producing substantial growth. We rely on our collective industry knowledge as well as an understanding of where leading venture capitalists are investing.

We leverage a combination of our relationships throughout Silicon Valley and our independent research to identify leaders in our targeted sub-sectors that we believe are differentiated and best positioned for sustained growth. Our evaluation process is based on what we refer to as “the four Ps”:

- **People** — Organizations led by strong management teams with in-depth operational focus



## TABLE OF CONTENTS

- Product — Differentiated and disruptive products with leading market positioning
- Potential — Large addressable markets
- Predictability — Ability to forecast and drive predictable and sustainable growth

We consider these to be the core elements for identifying rapidly growing emerging companies.

- **Acquire positions in targeted investments.** We seek to build our portfolio by sourcing investments at an acceptable price through our disciplined investing strategy. To this end, we utilize multiple methods to acquire equity stakes in private companies that are not available to many individual investors.

*Private secondary marketplaces and direct share purchases.* We utilize private secondary marketplaces as a means to acquire equity investments in privately-held companies that meet our investment criteria and that we believe are attractive candidates for investment. We believe that such markets offer efficient execution versus alternative methods and provide a potential source of liquidity should we decide to exit an investment. In addition, we also purchase shares directly from stockholders, including current or former employees. As certain companies grow and experience significant increased value while remaining private, employees and other stockholders may seek liquidity by selling shares directly to a third party. Sales of shares in private companies are typically restricted by contractual transfer restrictions and company employment policies, which may impose strict limits on transfer. We believe that our investment professionals' reputation within the industry and history of investing affords us a favorable position when seeking approval for a purchase of shares subject to such limitations.

*Direct equity investments.* We also seek direct investments in private companies. There is a large market among emerging private companies for equity capital investments. Many of these companies, particularly within the technology sector, lack the necessary cash flows to sustain substantial amounts of debt, and therefore have viewed equity capital as a more attractive long-term financing tool. We seek to be a source of such equity capital as a means of investing in these companies and look for opportunities to invest alongside other private equity and venture capital investors with whom we have established relationships.

- **Create access to a diverse investment portfolio.** We seek to hold a diverse portfolio of non-controlling equity investments, which we believe will minimize the impact on our portfolio of a negative downturn at any one specific company. We believe that our relatively diversified portfolio will provide a convenient means for accredited and non-accredited individual investors to obtain access to an asset class that has generally been limited to venture capital, private equity and similar large institutional investors.

### **Competitive Advantages**

We believe that we will benefit from the following competitive advantages in executing our investment strategy:

- **Highly experienced team of investment professionals.** Our investment adviser's senior investment professionals, its Advisory Board and our board of directors have significant experience researching and investing in the types of rapidly growing venture capital-backed emerging companies we are targeting for investment. Michael T. Moe, our president, chief executive officer, chairman of our board of directors and the chief investment officer of GSV Asset Management, co-founded and previously served as chairman and chief executive officer of ThinkEquity Partners, an asset management and investment banking firm focusing on venture capital, entrepreneurial and emerging growth companies. Prior to founding ThinkEquity, Mr. Moe served as Head of Global Growth Research at Merrill Lynch and before that served as Head of Growth Research and Strategy at Montgomery Securities. Since 2006, our investment adviser's senior investment professionals have managed private funds that have invested in, and have published research on, the types of privately-held companies we intend to target for investment. Through our proprietary company evaluation process, including our identification of technology trends and themes and company research, we believe we have developed important insight into identifying and valuing emerging private companies.
- **Disciplined and repeatable investment process.** We have established a disciplined process to locate and acquire available shares at attractive valuations by utilizing multiple sources. In contrast to industry "aggregators" that accumulate stock at market prices, we conduct valuation analyses and make

## TABLE OF CONTENTS

acquisitions only when we can invest at valuations that we believe are attractive to our investors. Following this process, we have completed investments in the 21 companies in our portfolio as of December 31, 2011.

- **Deep relationships with significant credibility to source and complete transactions.** GSV Asset Management and its senior investment professionals are strategically located in the heart of Silicon Valley in Woodside, California. During the course of over two decades of researching and investing in emerging private companies, our investment adviser's senior investment professionals have developed strong reputations within the investing community, particularly within technology-related sectors. Our investment adviser's Advisory Board members and our board of directors have also developed strong relationships in the financial, investing and technology-related sectors.
- **Source of permanent investing capital.** As a publicly-traded corporation, we have access to a source of permanent equity capital which we can use to invest in portfolio companies. This permanent equity capital is a significant differentiator from other potential financial sponsor investors that may be required to return capital to stockholders on a defined schedule. We believe that our ability to invest on a long-term time horizon makes us attractive to companies looking for strong, stable owners of their equity.
- **Early mover advantage.** We believe we are one of the few publicly traded business development company with a specific focus on investing in rapidly growing venture capital-backed emerging companies. Moreover, we believe we are the only one to focus on acquiring secondary shares as a key component of our strategy. Despite our limited track record, the transactions that we have executed to date since our IPO have helped to establish our reputation with the types of secondary sellers and emerging companies that we target for investment. We have leveraged multiple relationships and channels to acquire the equity of private companies. As we continue to grow our portfolio with attractive investments, we believe that our reputation as a committed partner will be further enhanced, allowing us to source and close investments that would otherwise be unavailable. We believe that these factors collectively differentiate us from other potential investors in private company securities and will potentially enable us to complete equity transactions in top tier private companies at attractive valuations.

### **Operating and Regulatory Structure**

GSV Capital was formed in September 2010 as a Maryland corporation that is an externally managed, non-diversified closed-end management investment company. We completed our initial public offering in April 2011 and have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our gross assets in "qualifying assets." Qualifying assets generally include, among other things, securities of "eligible portfolio companies." "Eligible portfolio companies" generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. If at any time less than 70% of our gross assets are comprised of qualifying assets, including as a result of an increase in the value of any non-qualifying assets or decrease in the value of any qualifying assets, we would generally not be permitted to acquire any additional non-qualifying assets until such time as 70% of our then current gross assets were comprised of qualifying assets. We would not be required, however, to dispose of any non-qualifying assets in such circumstances. See "Regulation as a Business Development Company." In addition, we intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a regulated investment company ("RIC") under Subchapter M of the Code. See "Material U.S. Federal Income Tax Considerations."

Our investment activities are managed by GSV Asset Management and supervised by our board of directors. GSV Asset Management is an investment adviser registered under the Advisers Act. Under our investment advisory agreement, which we refer to as the Investment Advisory Agreement, we have agreed to pay GSV Asset Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See "Investment Advisory Agreement." We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse GSV Capital Service Company for our allocable portion of overhead and other expenses incurred.

## **Investment Process**

### ***Concentrated Technology-related Focus***

During the course of over two decades of researching and investing in non-public companies, we have identified five areas from which we expect to see significant numbers of high-growth companies emerge: new media, communication, alternative energy, education technology, and the consumerization of information technology. These broad markets produce disruptive technologies, reach a large addressable market and provide significant commercial opportunities. Within these areas we have identified broad trends that could create significant positive effects on growth such as globalization, consolidation, branding, convergence and network effects. From within these broad technology themes, we have selected five sub-segments in which we target companies for investment: social-mobile, cloud computing, internet commerce, green technology and education technology. We remain focused on selecting market leaders within the sub-segments we have identified, while continuing to review our pipeline to ensure we are tracking the next phase of leaders.

### ***Investment Targeting and Screening***

We identify prospective portfolio companies through an extensive network of relationships developed by our investment professionals, supplemented by the knowledge and relationships of our investment adviser's Advisory Board and our board of directors. Investment opportunities that fall within our identified themes are validated against the observed behavior of leading venture capitalists and through our own internal and external research. We evaluate potential portfolio companies across a spectrum of criteria, including "the four Ps", industry positioning and leadership, stage of growth, and several other factors that collectively characterize our proprietary investment process. We typically seek to invest approximately 90% of our portfolio in well-established, late stage companies and the remaining approximately 10% in emerging companies that fit within our targeted areas, where we see the potential for higher returns from early investment. Based on our initial screening, we identify a select set of companies which we evaluate in greater depth.

### ***Research and Due Diligence Process***

Once we identify those companies that we believe warrant more in-depth analysis, we focus on their revenue growth, revenue quality and sustainability and earnings growth, as well as other metrics that may be strongly correlated with higher valuations. We also focus on the company's management team and any significant financial sponsor, the current business model, competitive positioning, regulatory and legal issues, and the quality of any intellectual property. Each prospective portfolio company that passes our initial due diligence review is given a qualitative ranking to allow us to evaluate it against others in our pipeline, and we review and update these companies on a regular basis.

Our due diligence process will vary depending on whether we are investing through a private secondary transaction on a marketplace or with a selling stockholder or by direct equity investment. We access information on our potential investments through a variety of sources, including information made available on secondary marketplaces, publications by private company research firms, industry publications, commissioned analysis by third-party research firms, and, to a limited extent, directly from the company or financial sponsor. We utilize a combination of each of these sources to help us set a target value for the companies we ultimately select for investment.

### ***Portfolio Construction and Sourcing***

Upon completion of our research and due diligence process, we select investments for inclusion in our portfolio based on their relative qualitative ranking, fundamentals and valuation. We seek to create a relatively diversified portfolio that we expect will initially include investments in 15 to 30 private companies. We generally choose to pursue specific investments based on the availability of shares and valuation expectations. We utilize a combination of secondary marketplaces, direct purchases from stockholders and direct equity investments in order to make investments in our portfolio companies. Once we have established an initial position in a portfolio company, we may choose to increase our stake through subsequent purchases. Maintaining a balanced portfolio is a key to our success, and as a result we constantly evaluate the composition of our investments and our pipeline to ensure we are exposed to a diverse set of companies within our target segments.

## TABLE OF CONTENTS

### ***Transaction Execution***

We negotiate purchase agreements for each of our private company portfolio investments. Private company securities are typically subject to contractual transfer limitations, which may, among other things, give the issuer or its stockholders a particular period of time, often 30 days, in which to exercise a veto right, or a right of first refusal over, the sale of such securities. Accordingly, the purchase agreements we enter into for secondary transactions typically require the lapse or satisfaction of these rights as a condition to closing. Under these circumstances, we are generally required to deposit the purchase price into escrow upon signing with the funds released to the seller at closing or returned to us if the closing conditions are not met.

### ***Risk Management and Monitoring***

We monitor the financial trends of each portfolio company to assess our exposure to individual companies as well as to evaluate overall portfolio quality. We establish valuation targets at the portfolio level and for gross and net exposures with respect to specific companies and industries within our overall portfolio. In cases where we make a direct investment in a portfolio company, we may also obtain board positions or board observation rights from that portfolio company in connection with our equity investment. We regularly monitor our portfolio for compliance with the diversification requirements for purposes of maintaining our status as a 1940 Act business development company and a RIC for tax purposes.

### **Managerial Assistance**

As a business development company, we are required to offer, and in some cases may provide and be paid for, significant managerial assistance to portfolio companies. This assistance typically involves monitoring the operations of portfolio companies, participating in their board and management meetings, consulting with and advising their officers and providing other organizational and financial guidance.

### **Competition**

Our primary competitors include specialty finance companies including other crossover funds, public funds investing in private companies and business development companies. Many of these entities have greater financial and managerial resources than we will have. For additional information concerning the competitive risks we face, see “Risk Factors — Risks Relating to Our Business and Structure.”

### **Employees**

While we have executive officers, they receive no direct compensation from us, and we have no direct employees. Our day-to-day investment operations are managed by our investment adviser. In addition, we reimburse GSV Capital Service Company for an allocable portion of expenses incurred by it 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. See “Investment Advisory Agreement.”

### **Properties**

Our corporate headquarters are located at 2965 Woodside Road, Woodside, California, in the offices of GSV Capital Service Company. We do not own or lease any office space directly; however, we will pay a portion of the rent as allocated to us by GSV Capital Service Company. Our office facilities are suitable and adequate for our business as it is presently conducted.

### **Legal Proceedings**

We are not currently 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 financial condition or results of operations.

[TABLE OF CONTENTS](#)

**PORTFOLIO COMPANIES**

The following table sets forth certain information as of September 30, 2011, except as noted in footnote 4, for each portfolio company in which we had an equity investment. The general terms of our equity investments are described in “Business — Investment Process.” Other than these investments, our only formal relationships with our portfolio companies are the managerial assistance we may provide upon request and the board observer or participation rights we may receive in connection with our investment. We do not “control” and are not an “affiliate” of any of our portfolio companies, each as defined in the 1940 Act, other than as indicated in the table below. In general, under the 1940 Act, we would “control” a portfolio company if we owned more than 25% of its voting securities and would be an “affiliate” of a portfolio company if we owned more than 5% of its voting securities.

<b>Name and Address of Portfolio Company</b>	<b>Industry</b>	<b>Investment</b>	<b>Percentage of Class Held<sup>(1)</sup></b>	<b>Number of Shares Held</b>	<b>Cost<sup>(2)</sup></b>	<b>Fair Value<sup>(3)</sup></b>
Bloom Energy Corporation 1299 Orleans Drive Sunnyvale, CA 94089	Green Technology	Common Stock	*	96,389	\$ 1,815,818	\$ 1,771,335
Chegg, Inc. 4655 Old Ironsides Road Suite 100 Santa Clara, CA 95054	Education Technology	Common Stock	4.81	774,193	6,003,694	5,999,996
Facebook, Inc. 1601 S. California Ave. Palo Alto, CA 94304	Social-mobile	Common Stock, Class B	*	225,000	6,589,670	6,587,500
Gilt Groupe, Inc. 40 West 20 <sup>th</sup> Street 7th Floor New York, NY 10011	eCommerce	Common Stock	*	203,100	5,576,979	5,499,250
Groupon 600 W Chicago Ave. Suite 620 Chicago, IL 60654	eCommerce	Common Stock	*	80,000 <sup>(4)</sup>	2,127,577	2,035,200
Kno, Inc. 5155 Old Ironsides Drive Santa Clara, CA 95054	Education Technology	Preferred shares, Series C	3.75	440,313	2,257,959	2,250,000
PJB Fund LLC 615 South Dupont Hwy Dover, DE 19901	Special Purpose Investment Vehicle	Unsecured Promissory Note	n/a		4,028,914	4,000,000
Serious Energy, Inc. 1250 Elko Drive Sunnyvale, CA 94089	Green Technology	Common Stock	1.45	178,095	738,674	712,380
SharesPost, Inc. 1250 Bayhill Drive Suite 380 San Bruno, CA 94066	Financial Services	Series B Preferred Stock Common Warrants	4.78	1,776,970	2,280,920	2,250,000
Silver Spring Networks, Inc. 555 Broadway Street Redwood City, CA 94063	Green Technology	Common Stock	*	110,143	1,153,381	1,101,430
TrueCar, Inc. 225 Santa Monica Blvd, 12 <sup>th</sup> Floor Santa Monica, CA 90401	eCommerce	Common Stock	*	377,358	2,001,782	2,000,000
Twitter, Inc. 795 Folsom Street, Suite 600 San Francisco, CA 94107	Social-mobile	Common Stock	*	405,600	7,107,703	6,932,493

**TABLE OF CONTENTS**

<b>Name and Address of Portfolio Company</b>	<b>Industry</b>	<b>Investment</b>	<b>Percentage of Class Held<sup>(1)</sup></b>	<b>Number of Shares Held</b>	<b>Cost<sup>(2)</sup></b>	<b>Fair Value<sup>(3)</sup></b>
ZoomSystems 22 Fourth Street, Suite 1600 San Francisco, CA 94133	Automated Retail	Series A Preferred Stock	*	1,250,000	260,317	250,000
Total					<u>\$ 41,943,388</u>	<u>41,389,584</u>

\* Represents less than 1% of the class held.

(1) Information regarding percentage of class held is based on information available to us with respect to the capitalization and capital structure of the company. There can be no assurance that such information is complete or accurate.

(2) Amounts include transaction fees and costs.

(3) Fair value was determined in good faith by our board of directors as of September 30, 2011.

(4) On October 31, 2011, Groupon conducted a two-for-one stock split of its common stock, which has been reflected above.

From October 1, 2011 through December 31, 2011, we closed on investments of \$23,510,998, plus transaction costs, including follow-on investments to increase our holdings in Facebook, Inc., Kno, Inc., and Twitter, Inc. as well as to make new investments in eight private companies, Control 4, Inc., DreamBox Learning, Inc., Dropbox, Inc., Grockit, Inc., StormWind, LLC, The Echo System Corp., The rSmart Group, Inc. and ZocDoc, Inc.

Set forth below is a brief description of each portfolio company in which we have made an investment that represents greater than 5% of the fair value of our investment portfolio as of September 30, 2011.

**Chegg, Inc.**

Chegg is an online textbook rental company with a leading market presence in the online education industry. Chegg has built a social education learning platform that assists students by providing course planning and selection services, textbooks, study materials and homework assistance.

**Facebook, Inc.**

Facebook is a leading social-networking company. Facebook's social networking website allows users to create a personal profile, add other users to the network, and exchange messages, photographs and other information that can be shared across a network.

**Gilt Groupe, Inc.**

**Gilt Groupe** is an online shopping destination that offers its members access to discounted prices on merchandise, restaurants and vacations.

**Kno, Inc.**

Kno is a provider of education software, digital textbooks and social engagement tools for students.

**PJB Fund LLC**

PJB Fund is a special purpose investment vehicle in which we have made a debt investment that is linked until maturity to the value of Zynga, Inc., a developer of online social games.

**SharesPost, Inc.**

SharesPost connects venture-backed private companies and their shareholders with the investment community and provides an online marketplace for such private companies.

**Twitter, Inc.**

Twitter is a social networking company. Twitter is a real-time information network that allows users to send and receive information.

## MANAGEMENT

Our board of directors oversees our management. The board of directors currently consists of five members, three of whom are not “interested persons” of GSV Capital as defined in Section 2(a)(19) of the 1940 Act. We refer to these individuals as our independent directors. Our board of directors elects our officers, who serve at the discretion of the board of directors. The responsibilities of each director will include, among other things, the oversight of our investment activity, the quarterly valuation of our assets, and oversight of our financing arrangements. The board of directors has also established an audit committee, a nominating and corporate governance committee and a valuation committee, and may establish additional committees in the future.

### Board of Directors and Executive Officers

#### Directors

Information regarding the board of directors is as follows:

Name	Age	Position	Director Since	Expiration of Term
<b>Interested Directors</b>				
Michael T. Moe	49	President, Chief Executive Officer and Chairman of the Board of Directors	2010	2012
Mark D. Klein	49	Director	2011	2014
<b>Independent Directors</b>				
Leonard A. Potter	50	Director	2011	2013
Mark W. Flynn	55	Director	2011	2012
R. David Spreng	50	Director	2011	2014

The address for each of our directors is 2965 Woodside Road, Woodside, California 94062.

#### Executive Officers Who Are Not Directors

Name	Age	Position	Executive Officer Since
Paul D. Lapping	49	Chief Operating Officer	2011
Stephen D. Bard	52	Chief Financial Officer, Chief Compliance Officer, Treasurer and Corporate Secretary	2011
Luben Pampoulov	30	Vice-President	2011

### Biographical Information

#### Directors

Our directors have been divided into two groups — interested directors and independent directors. An interested director is an “interested person” as defined in Section 2(a)(19) of the 1940 Act.

#### Interested Directors

*Mr. Moe is an “interested person” of GSV Capital as defined in the 1940 Act due to his positions as president, chief executive officer and chairman of the board of directors of GSV Capital and as a principal and chief investment officer of GSV Asset Management, GSV Capital’s investment adviser. Mr. Klein is an interested person due to his financial relationship as a consultant with GSV Capital’s investment adviser, GSV Asset Management.*

**Michael T. Moe** has served as our president and chief executive officer and chairman of our board of directors since 2010 and is primarily responsible for overall investment strategies and portfolio management. In addition, Mr. Moe has served as co-founder, chief executive officer and chief investment officer of GSV Asset Management since 2010. Mr. Moe also co-founded GSV Media, a research firm focused on non-public rapidly-growing companies, in 2009. Mr. Moe previously co-founded and served as chairman and chief

## TABLE OF CONTENTS

executive officer of ThinkEquity Partners, an investment banking firm focusing on venture capital, entrepreneurial and emerging growth companies, from 2001 to 2008. Prior to founding ThinkEquity, Mr. Moe served as head of Global Growth Research at Merrill Lynch from 1998 to 2001, and before that served as head of Growth Research and Strategy at Montgomery Securities from 1995 to 1998. In 2006, Mr. Moe published his critically acclaimed book *Finding the Next Starbucks: How to Identify and Invest in the Hot Stocks of Tomorrow* (Penguin/Portfolio Books, 2006). Mr. Moe is currently a member of the board of directors of SharesPost, a private secondary market, and ePals, the worlds largest K-12 social learning network. He is also a member of the Advisory Board of Institutional Venture Partners (IVP). Mr. Moe earned his BA in Political Science and Economics at the University of Minnesota and is a CFA charter holder. Our board of directors has concluded that Mr. Moe's depth of experience in managerial positions in investment management, securities research and financial services, as well as his intimate knowledge of our business and operations, gives the board of directors valuable industry-specific knowledge and expertise on these and other matters, and that therefore he is qualified to serve as a member of our board of directors.

**Mark D. Klein** has served as a member of our board of directors since 2011. Mr. Klein also served as a director of New University Holdings Corp., a capital pool company listed on the TSX Venture Exchange, since its inception in 2010 through August 2011, when NUH merged with ePals, Inc., the world's largest K-12 learning network provider. In addition, from April 2010 until May 2011, Mr. Klein served as the Chief Executive Officer, President and a Director of 57th Street General Acquisition Corp, a special purpose acquisition company, until it completed a merger with Crumbs Bake Shop. Mr. Klein continues to serve as a Director of Crumbs. Between 2007 and 2009, Mr. Klein served as the Chief Executive Officer, President and a Director of Alternative Asset Management Acquisition Corporation, a special purpose acquisition company he helped form in 2007, and which completed a merger with Great American Group LLC. Mr. Klein continues to serve on the Board of Directors of Great American Group. From 2007 until 2008, Mr. Klein served as the Chief Executive Officer of Hanover Group US LLC, an indirect US subsidiary of the Hanover Group. Prior to joining Hanover in 2007, Mr. Klein served as Chairman of Ladenburg Thalmann & Co. Inc. From March 2005 to September 2006, he was Chief Executive Officer and President of Ladenburg Thalmann Financial Services, Inc., the parent of Ladenburg Thalmann & Co. Inc., and Chief Executive Officer of Ladenburg Thalmann Asset Management Inc., a subsidiary of Ladenburg Financial Services, Inc. Prior to joining Ladenburg Thalmann, from June 2000 to March 2005, Mr. Klein served as the Chief Executive Officer and President of NBGI Asset Management, Inc. and NBGI Securities, which were the US subsidiaries of the National Bank of Greece. Mr. Klein has been a registered representative at Ladenburg Thalmann & Co. Inc. since 2005, and a portfolio manager of the LTAM Titan Fund, a fund of funds hedge fund, since 2004. Mr. Klein is also a Managing Member and Majority Partner of M. Klein & Company, LLC, which owns the Klein Group, LLC, a registered broker dealer. Mr. Klein also maintains registration with the Klein Group, LLC as a registered representative and Principal. Mr. Klein is a graduate of the J.L. Kellogg Graduate School of Management at Northwestern University, with a Masters of Management Degree, and also received a Bachelors of Business Administration Degree with high distinction from Emory University. Our board of directors has concluded that Mr. Klein's extensive familiarity with the financial and investment banking industries and experience as a director of other publicly-traded companies provides our board of directors with valuable insight and perspective, and that therefore he is qualified to serve as a member of our board of directors.

### **Independent Directors**

*The following directors are not "interested persons" of GSV Capital, as defined in the 1940 Act.*

**Leonard A. Potter** has served as a member of our board of directors since 2011. Mr. Potter is currently the President of a private family investment office. From August 2009 through August 2011, Mr. Potter served as the Chief Investment Officer of Salt Creek Hospitality, a private acquirer and owner of hospitality related assets. From December 2002 through July 2009, Mr. Potter was a Managing Director — Soros Private Equity at Soros Fund Management LLC ("SFM") where, from May 2005 through July 2009, Mr. Potter served as co-head of the Private Equity group and a member of the Private Equity Investment Committee. From September 1998 until joining SFM in 2002, Mr. Potter was a Managing Director of Alpine Consolidated LLC, a private merchant bank, and from April 1996 through September 1998, Mr. Potter founded and served as a Managing Director of Capstone Partners LLC, a private merchant bank. Prior to founding Capstone Partners,



## TABLE OF CONTENTS

Mr. Potter was an attorney specializing in mergers, acquisitions and corporate finance at Morgan, Lewis & Bockius and Willkie Farr & Gallagher. Mr. Potter is currently a member of the board of directors of Solar Senior Capital, Ltd. (“SUNS”), Solar Capital Ltd. (“SLRC”) and GSV Capital, each a business development company, and 57th Street General Acquisition Corp., the owner of Crumbs Holdings LLC (“CRMB”), and has previously served as a board member of several other public companies. He also serves on the boards of three private companies, including Hilton Worldwide. Mr. Potter has a B.A. from Brandeis University and a J.D. from the Fordham University School of Law. Our board of directors has concluded that Mr. Potter’s experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues, and that his tenure in private equity investments and service as a director of both public and private companies provides industry-specific knowledge and expertise to our board of directors, and that therefore he is qualified to serve as a member of our board of directors.

**Mark W. Flynn** has served as a member of our board of directors since 2011. Mr. Flynn has managed Trilogy Capital Partners, a Menlo Park California based private investment firm, since its formation in 1997. Prior to forming Trilogy, Mr. Flynn worked in various capacities in the investment banking groups at Salomon Brothers and Volpe, Brown & Whelan. During his investment-banking career Mr. Flynn primarily worked with technology and health care companies. At Salomon Brothers, he was responsible for the Global Software and Internet investment banking activities. Previously Mr. Flynn worked for Arthur Young and Company in the High Technology practice. Mr. Flynn previously served as a regent at St. John’s University and as chairman of The Preserve Company. He is also a member of the board of directors of the DAPER Fund at Stanford University as well as a number of privately held companies. He is a graduate of Saint John’s University in Collegeville, Minnesota and received an MBA from Harvard Business School. Our board of directors has concluded that Mr. Flynn’s extensive familiarity with the financial and investment management industries and experience evaluating technology-related companies provides our board of directors with valuable insight and perspective, and that therefore he is qualified to serve as a member of our board of directors.

**R. David Spreng** has served as a member of our board of directors since 2011. Mr. Spreng is the founder and has served as managing general partner of Crescendo Ventures, a venture capital firm, since its formation in 1998. Mr. Spreng has been active in the formation and development of nearly 50 technology companies, 17 of which have completed initial public offerings. Mr. Spreng has been a participant and a panelist at the World Economic Forum’s annual meeting in Davos, Switzerland, and is a member of the World Economic Forum’s Technology Pioneers selection committee and on the World Economic Forum’s Steering Committee for Entrepreneurship and Successful Growth Strategies. Mr. Spreng also presently sits on the Advisory Board of the Silicon Valley Executive Network, is a member of the Silicon Valley Leadership Group and previously served as a member of the board of, and chairman of the Government Affairs Committee of, the National Venture Capital Association (NVCA). Mr. Spreng currently serves on the board of directors of a number of private technology-focused companies. In addition, Mr. Spreng previously served on the board of directors of Compellent Technologies, a publicly-traded provider of enterprise-class network solutions, from 2006 to 2011, prior to its acquisition by Dell. Mr. Spreng has previously been named as a defendant in several cases arising out of his service as a member of the board of directors of three public companies. Mr. Spreng is a graduate, with distinction, of the University of Minnesota. Our board of directors has concluded that Mr. Spreng’s extensive familiarity with the venture capital industry and experience as a director of other publicly traded companies, provides our board of directors with valuable insight and perspective, and that therefore he is qualified to serve as a member of our board of directors.

### **Executive Officers Who Are Not Directors**

**Paul D. Lapping** has served as our chief operating officer since 2011. Mr. Lapping served as a director and chief financial officer of New University Holdings Corp., a capital pool company listed on the TSX Venture Exchange, from its inception in 2010 through its merger with ePals, Inc., the world’s largest K-12 learning network provider, in August 2011. Mr. Lapping also served as the chief financial officer, treasurer, secretary and a director of 57<sup>th</sup> Street General Acquisition Corp., a special purpose acquisition company, from its inception in 2009 through its merger with Crumbs Holdings LLC, the largest US-based retailer of cupcakes, in May 2011. Between 2007 and 2009, Mr. Lapping served as the chief financial officer, treasurer and secretary of Alternative Asset Management Acquisition Corp., a special purpose acquisition company which completed a merger with Great American Group LLC. From 2003 to 2006, Mr. Lapping served as the

## TABLE OF CONTENTS

president of Lapping Investments, LLC, a personal investment fund. From 2000 to 2003, Mr. Lapping served as a general partner of Minotaur Partners II, L.P., a private investment partnership Mr. Lapping formed to invest equity in small and middle-market companies. From 1995 to 2002, Mr. Lapping was a general partner of Merchant Partners, LP, a private investment partnership focused on direct marketing, business and consumer services companies. Prior to forming Merchant Partners, Mr. Lapping served in various corporate development roles with Montgomery Ward Holding Corp., a retail, catalog, direct marketing and home shopping company, from 1991 to 1995 and Farley Industries, Inc., a management company providing services to Farley Inc., a private investment fund holding company, and its related entities including Fruit of the Loom, Inc., Farley Metals, Inc., Acme Boot Company and West Point-Pepperell, Inc., from 1988 to 1991. Mr. Lapping also served in various positions with Golder, Thoma and Cressey, a private equity firm and with the merger and acquisition group of Salomon Brothers Inc. Mr. Lapping received a Bachelor of Science from the University of Illinois and a Masters of Management Degree from the Kellogg School of Business at Northwestern University.

**Stephen D. Bard** has served as our chief financial officer, chief compliance officer, treasurer and corporate secretary since 2011. In addition, Mr. Bard has served as a principal and managing member of GSV Asset Management since 2010. Mr. Bard co-founded GSV Asset Management in 2010, and he is the firm's chief operating officer. From 2001 to 2009, Mr. Bard served as chief operating officer and a member of the board of directors of Fuller & Thaler Asset Management ("Fuller & Thaler"), an institutional investment firm. As chief operating officer of Fuller & Thaler, Mr. Bard built out and managed the firm's non-investment team and infrastructure. From 1998 to 2001, Mr. Bard managed the West Coast for Fidelity Management Trust Company (now Pyramid Global Advisors). Mr. Bard has also held senior consultant and business development roles at Hewitt Associates from 1988 to 1996 and New York Life Investment Management from 1996 to 1998. Mr. Bard is currently a trustee of the Crystal Springs Uplands School and a board member of the CFA Society of San Francisco, where he chairs the Investment Committee. Mr. Bard's other board and committee service includes work with Purisima West Funds, the Hillsborough Schools Foundation, The Olympic Club Investment & Endowment Committee and Blue Chip Exec. Mr. Bard earned his BS from Duke University and his MBA from the University of California, Berkeley. Mr. Bard is also a CFA charter holder.

**Luben Pampoulov** has served as our vice-president since 2011. In addition, Mr. Pampoulov has served as co-founder and co-portfolio manager of GSV Asset Management since 2010. Mr. Pampoulov also co-founded GSV Media, a research firm focused on private rapidly-growing companies, in 2009. Prior to joining GSV Asset Management, Mr. Pampoulov served as an analyst and co-portfolio manager at ThinkEquity Partners from 2006 to 2008. Mr. Pampoulov earned his BA from UCLA in 2006.

### **Board Leadership Structure**

Our board of directors monitors and performs an oversight role with respect to the business and affairs of GSV Capital, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of service providers to GSV Capital. Among other things, our board of directors approves the appointment of our investment adviser and officers, reviews and monitors the services and activities performed by our investment adviser and executive officers and approves the engagement, and reviews the performance of, our independent public accounting firm.

Under GSV Capital's bylaws, our board of directors may designate a chairman to preside over the meetings of the board of directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the board. We do not have a fixed policy as to whether the chairman of the board should be an independent director and believe that we should maintain the flexibility to select the chairman and reorganize the leadership structure, from time to time, based on the criteria that is in the best interests of GSV Capital and its stockholders at such times.

Presently, Mr. Moe serves as the chairman of our board of directors. Mr. Moe is an "interested person" of GSV Capital as defined in Section 2(a)(19) of the 1940 Act because he is on the investment committee of our investment adviser and is co-founder, chief executive officer and chief investment officer of our investment adviser and the managing member of our administrator. Mr. Moe's history with the GSV Asset Management, familiarity with GSV Asset Management's investment platform, and extensive knowledge of the financial services industry and the investment valuation process in particular qualify him to serve as the

## TABLE OF CONTENTS

chairman of our board of directors. Our view is that GSV Capital is best served through this existing leadership structure, as Mr. Moe's relationship with GSV Capital's investment adviser provides an effective bridge and encourages an open dialogue between management and the board of directors, ensuring that both groups act with a common purpose.

Our board of directors does not currently have a designated lead independent director. We are aware of the potential conflicts that may arise when a non-independent director is chairman of the board, but believe these potential conflicts are offset by our strong corporate governance policies. Our corporate governance policies include regular meetings of the independent directors in executive session without the presence of interested directors and management, the establishment of audit, valuation and nominating and corporate governance committees comprised solely of independent directors and the appointment of a chief compliance officer, with whom the independent directors meet regularly without the presence of interested directors and other members of management, for administering our compliance policies and procedures.

We recognize that different board leadership structures are appropriate for companies in different situations. We intend to re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet GSV Capital's needs.

### **Board's Role In Risk Oversight**

Our board of directors performs its risk oversight function primarily through (a) its three standing committees, which report to the entire board of directors and are comprised solely of independent directors, and (b) active monitoring of our chief compliance officer and our compliance policies and procedures.

As described below in more detail under "Committees of the Board of Directors," the audit committee, nominating and corporate governance committee and valuation committee assist the board of directors in fulfilling its risk oversight responsibilities. The audit committee's risk oversight responsibilities include overseeing GSV Capital's accounting and financial reporting processes, GSV Capital's systems of internal controls regarding finance and accounting, and audits of GSV Capital's financial statements. The nominating and corporate governance committee's risk oversight responsibilities include selecting, researching and nominating directors for election by our stockholders, developing and recommending to the board a set of corporate governance principles and overseeing the evaluation of the board and our management. The valuation committee's risk oversight responsibilities include establishing guidelines and making recommendations to our board of directors regarding the valuation of our investments.

Our board of directors also performs its risk oversight responsibilities with the assistance of the chief compliance officer. The board of directors will annually review a written report from the chief compliance officer discussing the adequacy and effectiveness of the compliance policies and procedures of GSV Capital and its service providers. The chief compliance officer's annual report will address, at a minimum, (a) the operation of the compliance policies and procedures of GSV Capital and its service providers since the last report; (b) any material changes to such policies and procedures since the last report; (c) any recommendations for material changes to such policies and procedures as a result of the chief compliance officer's annual review; and (d) any compliance matter that has occurred since the date of the last report about which the board of directors would reasonably need to know to oversee our compliance activities and risks. In addition, the chief compliance officer will meet separately in executive session with the independent directors at least once each year.

Our board's role in risk oversight is effective, and appropriate given the extensive regulation to which we are already subject as a business development company. As a business development company, we are required to comply with certain regulatory requirements that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is limited such that our asset coverage must equal at least 200% immediately after each time we incur indebtedness, we generally have to invest at least 70% of our gross assets in "qualifying assets" and we are not generally permitted to invest in any portfolio company in which one of our affiliates currently has an investment.

We recognize that different board roles in risk oversight are appropriate for companies in different situations. We intend to re-examine the manners in which the board administers its oversight function on an ongoing basis to ensure that they continue to meet GSV Capital's needs.

## **Committees of the Board of Directors**

An audit committee, a nominating and corporate governance committee and a valuation committee have been established by our board of directors. All directors are expected to attend at least 75% of the aggregate number of meetings of the board of directors and of the respective committees on which they serve. We require each director to make a diligent effort to attend all board and committee meetings as well as each annual meeting of our stockholders.

### ***Audit Committee***

The audit committee operates pursuant to a charter approved by our board of directors, which sets forth the responsibilities of the audit committee. The audit committee's responsibilities include selecting the independent registered public accounting firm for GSV Capital, reviewing with such independent registered public accounting firm the planning, scope and results of their audit of GSV Capital's financial statements, pre-approving the fees for services performed, reviewing with the independent registered public accounting firm the adequacy of internal control systems, reviewing GSV Capital's annual financial statements and periodic filings and receiving GSV Capital's audit reports and financial statements. The audit committee is currently composed of Messrs. Potter, Flynn and Spreng, all of whom are considered independent under the rules of the NASDAQ Capital Market and are not "interested persons" of GSV Capital as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Flynn serves as chairman of the audit committee. Our board of directors has determined that Mr. Flynn is an "audit committee financial expert" as that term is defined under Item 407 of Regulation S-K, as promulgated under the Exchange Act. Mr. Flynn meets the current independence and experience requirements of Rule 10A-3 of the Exchange Act.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee operates pursuant to a charter approved by our board of directors. The members of the nominating and corporate governance committee are Messrs. Potter, Flynn and Spreng, all of whom are considered independent under the rules of the NASDAQ Capital Market and are not "interested persons" of GSV Capital as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Potter serves as chairman of the nominating and corporate governance committee. The nominating and corporate governance committee is responsible for selecting, researching and nominating directors for election by our stockholders, selecting nominees to fill vacancies on the board of directors or a committee thereof, developing and recommending to the board of directors a set of corporate governance principles and overseeing the evaluation of the board of directors and our management. The nominating and corporate governance committee currently does not consider nominees recommended by our stockholders.

The nominating and corporate governance committee seeks candidates who possess the background, skills and expertise to make a significant contribution to the board of directors, GSV Capital and its stockholders. In considering possible candidates for election as a director, the nominating committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

- are of high character and integrity;
- are accomplished in their respective fields, with superior credentials and recognition;
- have relevant expertise and experience upon which to be able to offer advice and guidance to management;
- have sufficient time available to devote to the affairs of GSV Capital;
- are able to work with the other members of the board of directors and contribute to the success of GSV Capital;
- can represent the long-term interests of GSV Capital's stockholders as a whole; and
- are selected such that the board of directors represents a range of backgrounds and experience.

The nominating and corporate governance committee has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees. In determining whether to recommend a director nominee, the nominating and corporate governance committee considers and discusses diversity, among other factors, with a view toward the needs of the board of directors as a whole. The nominating and corporate governance committee generally conceptualizes diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional experience, education, skill and

## TABLE OF CONTENTS

other qualities that contribute to the board of directors, when identifying and recommending director nominees. The nominating and corporate governance committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the nominating and corporate governance committee's goal of creating a board of directors that best serves the needs of GSV Capital and the interests of its shareholders.

### ***Valuation Committee***

The valuation committee establishes guidelines and makes recommendations to our board of directors regarding the valuation of our investments. The board of directors and valuation committee utilize the services of nationally recognized third-party valuation firms to help determine the fair value of our securities that are not publicly traded and for which there are no readily available market quotations including securities, that while listed on a private securities exchange, have not actively traded. The valuation committee is presently composed of Messrs. Potter, Flynn and Spreng, all of whom are considered independent under the rules of the NASDAQ Capital Market and are not "interested persons" of GSV Capital as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Spreng serves as chairman of the valuation committee.

### ***Compensation Committee***

We do not have a compensation committee because our executive officers do not receive any direct compensation from us.

### **Compensation of Directors**

Our independent directors receive an annual fee of \$50,000. They also receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board and committee meeting attended in person. In addition, the chairman of the audit committee receives an annual fee of \$10,000 and each chairman of any other committee receives an annual fee of \$5,000 for their additional services, if any, in these capacities. No compensation is paid to directors who are "interested persons" of GSV Capital, as such term is defined in Section 2(a)(19) of the 1940 Act.

### **Compensation of Executive Officers**

None of our officers receives direct compensation from GSV Capital. However, Messrs. Moe, Bard and Pampoulov, through their financial interests in GSV Asset Management, are entitled to a portion of any investment advisory fees paid by GSV Capital to GSV Asset Management under the Investment Advisory Agreement. Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary, is paid by GSV Capital Service Company, subject to reimbursement by us of our allocable portion of such compensation for services rendered by such persons to GSV Capital under the Administration Agreement. To the extent that GSV Capital Service Company outsources any of its functions we will pay the fees associated with such functions on a direct basis without profit to GSV Capital Service Company. The Investment Advisory Agreement is required to be reapproved within two years of its effective date, and thereafter on an annual basis, by our board of directors, including a majority of our directors who are not parties to such agreement or who are not "interested persons" of any such party, as such term is defined in Section 2(a)(19) of the 1940 Act. Under Section 2(a)(19), interested persons generally include, among others, our investment adviser, any principal underwriter to us, and any affiliates thereof, as well as any partner or employee of our legal counsel, and any person who has engaged in portfolio transactions for us, or who has loaned us money or property within the previous six months. See "Investment Advisory Agreement."

### **Indemnification Agreements**

We have entered into indemnification agreements with our directors. The indemnification agreements are intended to provide our directors the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that GSV Capital shall indemnify the director who is a party to the agreement (an "Indemnitee"), including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

**PORTFOLIO MANAGEMENT**

The management of our investment portfolio is the responsibility of our investment adviser, GSV Asset Management, and its investment committee, composed of Messrs. Moe, Bard and Pampoulov. For more information regarding the business experience of Messrs. Moe, Bard or Pampoulov, see "Management — Board of Directors and Executive Officers." GSV Asset Management's investment committee must approve each new investment that we make. Messrs. Moe, Bard and Pampoulov are not employed by us, and receive no compensation from us in connection with their portfolio management activities. However, Messrs. Moe, Bard and Pampoulov, through their financial interests in GSV Asset Management, are entitled to a portion of any investment advisory fees paid by GSV Capital to GSV Asset Management.

**Investment Personnel**

Our investment adviser is led by Michael T. Moe, our president and chief executive officer, chairman of our board of directors and co-founder, chief executive officer and chief investment officer of GSV Asset Management, Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary and co-founder and chief operating officer of GSV Asset Management, and Luben Pampoulov, our vice-president and co-founder and co-portfolio manager of GSV Asset Management. Messrs. Moe, Bard and Pampoulov are assisted by Paul Lapping, our chief operating officer. We consider Messrs. Moe, Bard and Pampoulov, who are the members of our investment adviser's investment committee, to be our portfolio managers.

Our portfolio managers are currently providing management and advisory services to the following other entities:

<u>Name</u>	<u>Entity</u>	<u>Investment Focus</u>	<u>Total Assets<sup>(1)</sup></u>
GSV X Fund	private fund	global long/short absolute return fund	\$ 423,583

(1) Total assets are calculated as of September 30, 2011. GSV X Fund, which was founded in September 2009, currently remains in its incubation stage.

The table below shows the dollar range of shares of our common stock beneficially owned by each of our portfolio managers as of February 8, 2012.

<u>Name of Portfolio Manager</u>	<u>Dollar Range of Equity Securities in GSV Capital<sup>(1)(2)</sup></u>
Michael T. Moe	\$ 1 – \$10,000
Stephen D. Bard	Over \$1,000,000
Luben Pampoulov	None

(1) The dollar range of equity securities beneficially owned in us is based on a price per share of our common stock of \$19.19, the highest reported sale price of our common stock on the NASDAQ Capital Market on February 8, 2012.

(2) The dollar ranges are: None, \$1 – \$10,000, \$10,001 – \$50,000, \$50,001 – \$100,000, \$100,001 – \$500,000, \$500,001 – \$1,000,000, or Over \$1,000,000.

**Compensation**

None of the members of GSV Asset Management's investment team receive any direct compensation from us in connection with the management of our portfolio. Messrs. Moe, Bard and Pampoulov, through their financial interests in GSV Asset Management, are entitled to a portion of any profits earned by GSV Asset Management, which includes any fees payable to GSV Asset Management under the terms of our Investment Advisory Agreement, less expenses incurred by GSV Asset Management in performing its services under our Investment Advisory Agreement. The compensation paid by GSV Asset Management to its other investment personnel includes: (i) annual base salary; (ii) annual cash bonus; (iii) portfolio-based performance award; and (iv) individual performance award and/or individual performance bonus.

## **Advisory Board to GSV Asset Management**

GSV Asset Management has access to an Advisory Board that consists of investment professionals with extensive experience within the financial, investing and technology-related sectors. None of the members of the Advisory Board will be compensated by us. Set forth below are the current members of our investment adviser's Advisory Board.

**Scott A. Bedford** founded Peninsula Capital Management, Inc. in 1989 and serves as the firm's President, Chief Investment Officer and the lead Portfolio Manager of Peninsula Master Fund, Ltd. Prior to Peninsula, Mr. Bedford was a General Partner of Volpe Welty & Co. He also was Vice President in Institutional Sales in the investment banking department of L.F. Rothschild, Unterberg, Towbin. Mr. Bedford has a B.S. in Finance from California State University, Chico.

**Todd Bradley** has been executive vice president of Personal Systems Group worldwide at Hewlett-Packard Co., since June 2005. Mr. Bradley also serves as a member of HP's Executive Council. He served as Chief Executive Officer of the Solutions Group of Palm Inc., since June 2002. Mr. Bradley served as the Chief Executive Officer of Palm, and also served as its President since April 30, 2004 and its Advisor since 2005. He served as the President and the Chief Operating Officer of the Solutions Group since May 2002. From June 2001 to May 2002, Mr. Bradley served as an Executive Vice President and the Chief Operating Officer of the Solutions Group. From September 1998 to January 2001, Mr. Bradley held an Executive positions at Gateway Corporation, serving most recently as a Senior Vice President of Consumer and Executive Vice President of global operations. From February 1997 to September 1998, he served as the President and the Chief Executive Officer of Transport International Pool, a GE Capital Services company that is a global transportation equipment leasing and rental business. From September 1993 to February 1997, Mr. Bradley was with Dun & Bradstreet, most recently serving as the President of NCH Promotional Services, a Dun & Bradstreet subsidiary. Mr. Bradley previously held various management positions within logistics, production and quality control at Federal Express Corporation and the Miller Brewing Company. He has been Director of LiveOps Inc. since January 30, 2008. He serves as Director of Challenger Capital Group, Ltd. He served as a Director of Palm since July 2002. Mr. Bradley also serves on the Advisory Boards of the Consumer Electronics Association of America and Sonic Wall Corporation. He serves as a Trustee of the American Film Institute. He is a member of the University of Maryland's Board of Visitors. Mr. Bradley holds a Bachelor of Science degree in Business Administration from Towson State University.

**William V. Campbell** has been a director of Intuit since 1994 and chairman of its board since 1998. Mr. Campbell served as Intuit's president and chief executive officer from 1994 to 1998 and was acting chief executive officer from 1999 to 2000. Mr. Campbell has been a member of the board of directors of Apple, Inc., since 1997, where he presently co-chairs the audit committee. For the three years before joining Intuit, Mr. Campbell was the president and chief executive officer of GO Corp., a pen-based computing software company. Previously, he founded and served as president and chief executive officer of Claris Corp., which was purchased by Apple Computer Inc. in 1990. Mr. Campbell also serves as an advisor to Google and Twitter and is a past advisor to Amazon. Before entering the technology industry, Campbell was the head football coach at Columbia University for six years, and has been chairman of Columbia University's board of trustees since 2005. He is also a director of the National Football Foundation / College Football Hall of Fame. Mr. Campbell holds a Bachelor of Arts in Economics and a Masters of Science from Columbia University.

**Robert E. Grady** is a managing director and partner at Cheyenne Capital Fund, L.P. He joined the firm in 2009 and has 17 years of experience in private equity. Prior to joining the firm, he was a partner and member of Management Committee of The Carlyle Group for nine years from 2000 through 2009. Mr. Grady joined Carlyle in 2000 as Global Head of Venture Capital and served as a Member of Carlyle's Management Committee. At Carlyle, Mr. Grady served as the global coordinator of venture and growth capital (which had \$5 billion in assets under management), Chairman and Fund Head of Carlyle Venture Partners I, II, and III, and on the investment committees of Carlyle Venture Partners, Carlyle Asia Growth Partners, and Carlyle Europe Technology Partners. He focused on investments in the technology and business services sectors and was based in San Francisco. Mr. Grady was the Managing Partner and Chairman of Carlyle Venture Partners. Mr. Grady is on the Board of Directors of The Carlyle Group's portfolio companies including: Secure Elements Inc, eScreen, The Health Central Network, Choice Media, Keen.com, Panasas Inc., Verari Systems Inc., USBX Inc., Viator, Inc., Eleutian Technology, Symbio, and Wall Street Institute, as well as Maxim

## TABLE OF CONTENTS

Integrated Products. He has been a Director of The Symbio Group since 19 August, 2008. Mr. Grady serves on the Investment Committees of CVP, Carlyle Asia Growth Partners, and Carlyle Europe Technology Partners. He is the Chairman of Resources for the Future, is a Member of Advisory Board of RBC Venture Partners and Strategic Technology Fund and the National Commission on Energy Policy, and a Trustee of Environmental Defense. He is also a Director of Stifel Financial Corp. since August 3, 2010. Mr. Grady serves on the Boards of Directors of the Environmental Defense Fund, TechNet, Asia America Multi-Industry Association, the Jackson Hole Land Trust, and the Pardee RAND Graduate School. He is a Member of the Council on Foreign Relations. Mr. Grady was appointed by President George H.W. Bush to be a Member of Advisory Committee on Trade and Policy Negotiations and by the Administrator of NASA to be a Member of the NASA Advisory Council's Task Force on the cost and management of the International Space Station. Prior to this, he served in the White House from 1989 to 1993 as a Deputy Assistant to President George H.W. Bush and as an Executive Associate Director of the Office of Management and Budget. Mr. Grady received a B.A. from Harvard College and an M.B.A. from the Stanford Graduate School of Business.

**Marc B. Mazur** is the Chairman of Elsworthy Capital Management Ltd. a London based European Equity Long/Short hedge fund. Mr. Mazur was previously the CEO of Brevan Howard U.S. Asset Management, the U.S. arm of Europe's largest hedge fund. His experience includes management positions at Salomon Brothers, Swiss Bank Corporation and Goldman Sachs, where he was responsible for businesses in the international fixed income and credit areas. Mr. Mazur has been a Senior Advisor to both Tsinghua Venture Capital Company and Think Equity Partners LLC. In 1998, Mr. Mazur was named Vice President for strategic business development at CareInsite (subsequently acquired by WebMD). He has been an advisor to leading private equity firms and serves on a number of private company boards. He is currently a member of the board of Fibrocell Science Inc (FCSC). He has also been an active angel and venture investor. Mr. Mazur's non-profit board affiliations include the executive committee of the Columbia College Alumni Association, The Jed Foundation which works to prevent college suicide, East Palo Alto-based College Track which provides educational and mentoring support for economically challenged youth in the San Francisco Bay Area as well as New Orleans and Aurora, CO, and the National Association on Drug Abuse Problems.



## INVESTMENT ADVISORY AGREEMENT

### Management Services

GSV Asset Management serves as our investment adviser. GSV Asset Management is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, GSV Asset Management manages the day-to-day operations of, and provide investment advisory services to, GSV Capital. Under the terms of the Investment Advisory Agreement, GSV Asset Management:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- determines what securities we will purchase, retain or sell;
- identifies, evaluates and negotiates the structure of the investments we make; and
- closes, monitors and services the investments we make.

GSV Asset Management's services under the Investment Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired. GSV Asset Management currently serves as the investment adviser for GSV X Fund, a global long/short absolute return fund. GSV Asset Management does not anticipate that it will ordinarily 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. However, to the extent it does identify such opportunities, GSV Asset Management will allocate such opportunities between GSV Capital and such other funds pursuant to an established procedure that is designed to ensure that such allocation is fair and equitable.

### Management Fees

We pay GSV Asset Management a fee for its services under the Investment Advisory Agreement consisting of two components — a base management fee and an incentive fee. The cost of both the base management fee payable to GSV Asset Management, and any incentive fees earned by GSV Asset Management, are ultimately borne by our common stockholders.

The base management fee (the "Base Fee") is calculated at an annual rate of 2.00% of our gross assets. For the period from the close of our initial public offering through and including December 31, 2011, the Base Fee was payable monthly in arrears, and was calculated based on the initial value of our assets upon the closing of our initial public offering. For services rendered after December 31, 2011, the Base Fee will be payable monthly in arrears, and will be calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any equity or debt capital raises, repurchases or redemptions during the current calendar quarter. The Base Fee for any partial month or quarter will be appropriately pro rated.

The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing on December 31, 2011, and will equal the lesser of:

- 20% of our realized capital gains during such 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
- 20% of our 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.

Our realized capital gains from each investment, expressed as a non-compounded annual rate of return on the cost of such investment since we initially acquired it, will be compared to a hurdle rate of 8.00% per year. We will only pay an incentive fee on any realized capital gains from an investment that exceeds the hurdle rate. We will pay GSV Asset Management an incentive fee with respect to our realized capital gains from each investment as follows:

- No incentive fee will be payable on the amount of any realized capital gains from an investment

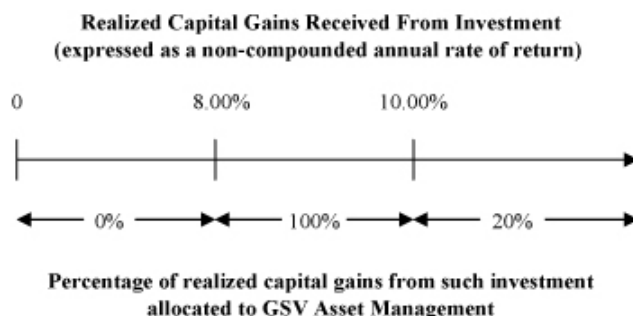
**TABLE OF CONTENTS**

that, when expressed as a non-compounded annual rate of return on the cost of such investment since we initially acquired it, does not exceed the hurdle rate of 8.00% per year.

- We will pay as an incentive fee 100% of the amount of any realized capital gains from an investment that, when expressed as a non-compounded annual rate of return on the cost of such investment since we initially acquired it, exceeds the hurdle rate of 8.00% per year but is less than a rate of 10.00% per year. We refer to this portion of our realized capital gains from each investment (which exceeds the hurdle rate but is less than 10.00%) as the “catch-up.” The “catch-up” is meant to provide our investment adviser with 20% of the amount of our realized capital gains from an investment that, when expressed as a non-compounded annual rate of return on the cost of such investment since we initially acquired it, exceeds a rate of 10.00% per year.
- We will pay as an incentive fee 20% of the amount of any realized capital gains from an investment that, when expressed as a non-compounded annual rate of return on the cost of such investment since we initially acquired it, exceeds a rate of 10.00% per year.

In no event, however, will we pay an incentive fee for any calendar year that exceeds 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of such 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.

The following is a graphical representation of the calculation of our incentive fee with respect to a single investment:



For accounting purposes, in order to reflect the theoretical capital gains incentive fee that would be payable for a given period as if all unrealized gains were realized, we are required to accrue a capital gains incentive fee based upon realized capital gains and losses during the current calendar year through the end of the period, plus any unrealized capital appreciation and depreciation as of the end of the period. It should be noted that a fee so calculated and accrued would not necessarily be payable under the Investment Advisory Agreement, and may never be paid based upon the computation of capital gains incentive fees in subsequent periods. Amounts paid under the Investment Advisory Agreement will be consistent with the formula reflected in the Investment Advisory Agreement.

**Example: Calculation of incentive fee**

**Alternative 1:**

**Assumptions**

- Hurdle rate = 8.00% non-compounded annual rate of return
- Hurdle rate = (purchase price) × (8% × (days owned/365))
- Catch-up rate = 10.00% non-compounded annual rate of return
- Catch-up rate = (purchase price) × (10% × (days owned/365))
- Year 1: \$20,000,000 investment made on March 15 in Company A (“Investment A”), and \$30,000,000 investment made on February 1 in Company B (“Investment B”)

## TABLE OF CONTENTS

- Year 2: Investment A is sold on September 15 for \$25,000,000, and fair market value (“FMV”) of Investment B is determined to be \$28,000,000
- Year 3: FMV of Investment B is determined to be \$28,000,000
- Year 4: Investment B is sold on March 1 for \$38,000,000

The incentive fee would be calculated as follows:

- Year 1: None
- Year 2: Incentive fee calculation:
  - Hurdle rate for Investment A =  $(\$20,000,000) \times (8\% \times (550 \text{ days} / 365))$
  - Hurdle rate for Investment A = \$2,410,959
  - Catch-up rate for Investment A =  $(\$20,000,000) \times (10\% \times (550 \text{ days} / 365))$
  - Catch-up rate for Investment A = \$3,013,699
  - Incentive fee on Investment A =  $20\% \times \$5,000,000$  (since the hurdle rate has been satisfied and the catch up has been fully achieved)
  - Incentive fee on Investment A = \$1,000,000
  - Maximum incentive fee =  $20\% \times (\text{cumulative realized capital gains} - (\text{cumulative realized losses} + \text{cumulative net unrealized depreciation})) - (\text{previously paid incentive fees})$
  - Maximum incentive fee =  $20\% \times (\$5,000,000 - \$2,000,000 \text{ (unrealized depreciation on Investment B)})$
  - Maximum incentive fee =  $20\% \times \$3,000,000$
  - Maximum incentive fee = \$600,000
  - Incentive fee paid = \$600,000 (because the incentive fee payable on Investment A exceeds the maximum incentive fee, the maximum incentive fee applies)
- Year 3: None
- Year 4: Incentive fee calculation:
  - Hurdle rate for Investment B =  $(\$30,000,000) \times (8\% \times (1,124 \text{ days} / 365))$
  - Hurdle rate for Investment B = \$7,390,685
  - Catch-up rate for Investment B =  $(\$30,000,000) \times (10\% \times (1,124 \text{ days} / 365))$
  - Catch-up rate for Investment B = \$9,238,356
  - Incentive fee on Investment B =  $100\% \times (\$8,000,000 - \$7,390,685)$  (since the hurdle rate has been satisfied, but the catch up has not been fully achieved)
  - Incentive fee on Investment B = \$609,315
  - Maximum incentive fee =  $20\% \times (\text{cumulative realized capital gains} - (\text{cumulative realized losses} + \text{cumulative net unrealized depreciation})) - (\text{previously paid incentive fees})$
  - Maximum incentive fee =  $(20\% \times \$13,000,000) - (\$600,000 \text{ (previously paid incentive fees)})$
  - Maximum incentive fee = \$2,000,000
  - Incentive fee paid = \$609,315 (because the incentive fee payable on Investment B does not exceed the maximum incentive fee)

## TABLE OF CONTENTS

### Alternative 2:

#### Assumptions

- Hurdle rate = 8.00% non-compounded annual rate of return
- Hurdle rate = (purchase price)  $\times$  (8%  $\times$  (days owned/365))
- Catch-up rate = 10.00% non-compounded annual rate of return
- Catch-up rate = (purchase price)  $\times$  (10%  $\times$  (days owned/365))
- Year 1: \$20 million investment made on March 15 in Company A (“Investment A”), \$30 million investment made on February 1 in Company B (“Investment B”), and \$25 million investment made on September 1 in Company C (“Investment C”)
- Year 2: Investment A is sold on September 15 for \$50 million, FMV of Investment B is determined to be \$25 million, and FMV of Investment C is determined to be \$25 million
- Year 3: FMV of Investment B is determined to be \$27 million and Investment C is sold on December 1 for \$30 million
- Year 4: FMV of Investment B is determined to be \$35 million
- Year 5: Investment B is sold on March 1 for \$20 million

The incentive fee would be calculated as follows:

- Year 1: None
- Year 2: Incentive fee calculation:
  - Hurdle rate for Investment A =  $(\$20,000,000) \times (8\% \times (550 \text{ days} / 365))$
  - Hurdle rate for Investment A = \$2,410,959
  - Catch-up rate for Investment A =  $(\$20,000,000) \times (10\% \times (550 \text{ days} / 365))$
  - Catch-up rate for Investment A = \$3,013,699
  - Incentive fee on Investment A =  $20\% \times \$30,000,000$  (since the hurdle rate has been satisfied and the catch up has been fully achieved)
  - Incentive fee on Investment A = \$6,000,000
  - Maximum incentive fee =  $20\% \times (\text{cumulative realized capital gains} - (\text{cumulative realized losses} + \text{cumulative net unrealized depreciation})) - (\text{previously paid incentive fees})$
  - Maximum incentive fee =  $20\% \times (\$30,000,000 - \$5,000,000 \text{ (unrealized depreciation on Investment B)})$
  - Maximum incentive fee = \$5,000,000
  - Incentive fee paid = \$5,000,000 (because the incentive fee payable on Investment A exceeds the maximum incentive fee, the maximum incentive fee applies)
- Year 3: Incentive fee calculation:
  - Hurdle rate for Investment C =  $(\$25,000,000) \times (8\% \times (822 \text{ days} / 365))$
  - Hurdle rate for Investment C = \$4,504,110
  - Catch-up rate for Investment C =  $(\$25,000,000) \times (10\% \times (822 \text{ days} / 365))$
  - Catch-up rate for Investment C = \$5,630,137
  - Incentive fee on Investment C =  $100\% \times (\$5,000,000 - \$4,504,110)$  (since the hurdle rate has been satisfied, but the catch up has not been fully achieved)

## TABLE OF CONTENTS

- Incentive fee on Investment C = \$495,890
- Maximum incentive fee =  $20\% \times (\text{cumulative realized capital gains} - (\text{cumulative realized losses} + \text{cumulative net unrealized depreciation})) - (\text{previously paid incentive fees})$
- Maximum incentive fee =  $20\% \times (\$35,000,000 - \$3,000,000 (\text{unrealized depreciation on Investment B})) - (\$5,000,000 (\text{previously paid incentive fees}))$
- Maximum incentive fee = \$1,400,000
- Incentive fee paid = \$495,890 (because the incentive fee payable on Investment C does not exceed the maximum incentive fee)
- Year 4: None
- Year 5: None

We seek to deploy capital primarily in the form of non-controlling investments in our portfolio companies. Although we primarily invest through private secondary markets, to the extent we make a direct minority investment in a portfolio company, neither we, nor our investment adviser, GSV Asset Management, may have the ability to control the timing of when we realize capital gains or losses with respect to such investment. We expect the timing of such realization events to be determined by our portfolio companies in such cases. To the extent we have non-minority investments, or the securities we hold are traded on a private secondary market or public securities exchange, GSV Asset Management will have greater control over the timing of a realization event. In such cases, our board of directors will monitor such investments in connection with their general oversight of the investment management services provided by GSV Asset Management. In addition, as of the end of each fiscal quarter, we will evaluate whether the cumulative aggregate unrealized appreciation on our portfolio would be sufficient to require us to pay an incentive fee to our investment adviser if such unrealized appreciation were actually realized as of the end of such quarter, and if so, we will accrue an expense equal to the amount of such incentive fee. Any such accrual of incentive fees will be reflected in the calculation of our net asset value.

### **Payment of our Expenses**

All personnel of our investment adviser when and to the extent engaged in providing investment advisory services, and the compensation and expenses of such personnel allocable to such services, are provided and paid for by GSV Asset Management. We are responsible for all other costs and expenses of our operations and transactions, including (without limitation) the cost of calculating our net asset value; the cost of effecting sales and repurchases of shares of our common stock and other securities; investment advisory fees; fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments (in each case subject to approval of our board of directors); transfer agent and custodial fees; fees and expenses associated with marketing efforts (including attendance at investment conference and similar events); federal and state registration fees; any exchange listing fees; federal, state and local taxes; independent directors' fees and expenses; brokerage commissions; costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws including costs of proxy statements, stockholders' reports and notices; fidelity bond, directors and officers/errors and omissions liability insurance and other insurance premiums; direct costs such as printing, mailing, long distance telephone, staff, independent audits and outside legal costs and all other expenses incurred by either GSV Capital Service Company or us in connection with administering our business, including payments under the administration agreement that will be based upon 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 other administrative support personnel. All of these expenses are ultimately borne by our common stockholders.

### **Duration and Termination**

The Investment Advisory Agreement was approved by our board of directors on March 28, 2011. Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect for a period of two years from the date it was approved by the board of directors and will remain in effect from year to year

## TABLE OF CONTENTS

thereafter if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons. The Investment Advisory Agreement will automatically terminate in the event of its assignment. The Investment Advisory Agreement may be terminated by either party without penalty upon not more than 60 days' written notice to the other. The Investment Advisory Agreement may also be terminated, without penalty, upon the vote of a majority of our outstanding voting securities.

### **Indemnification**

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GSV Asset Management and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GSV Asset Management's services under the Investment Advisory Agreement or otherwise as our investment adviser.

### **Organization of the Investment Adviser**

GSV Asset Management is a Delaware limited liability company. The principal executive offices of GSV Asset Management are located at 2965 Woodside Road, Woodside, CA 94062.

### **Board Approval of the Investment Advisory and Management Agreement**

A discussion regarding the basis for our board of director's approval of our Investment Advisory Agreement will be included in our first annual report on Form 10-K filed subsequent to any such board approval, or incorporated by reference therein.

### **ADMINISTRATION AGREEMENT**

Pursuant to a separate Administration Agreement, GSV Capital Service Company, a Delaware limited liability company, furnishes us with office facilities, together with equipment and clerical, bookkeeping and record keeping services at such facilities. The principal executive offices of GSV Capital Service Company are located at 2965 Woodside Road, Woodside, CA 94062. Under the Administration Agreement, GSV Capital Service Company also performs, or oversees the performance of, our required administrative services, which includes being responsible for the financial records which we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, GSV Capital Service Company assists us in determining and publishing our net asset value, overseeing the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally overseeing the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under the Administration Agreement are based upon 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. 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. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

The Administration Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, GSV Capital Service Company and its officers, manager, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GSV Capital Service Company's services under the Administration Agreement or otherwise as our administrator.

GSV Capital Service Company also provides administrative services to our investment adviser, GSV Asset Management. As a result, GSV Asset Management also reimburses GSV Capital Service Company for its allocable portion of GSV Capital Service Company's overhead, including rent, the fees and expenses associated with performing compliance functions for GSV Asset Management, and its allocable portion of the compensation of any administrative support staff. We estimate that we will incur approximately \$2.5 million in aggregate expenses under our Administration Agreement during the 12 months of operations following completion of this offering.

### **LICENSE AGREEMENT**

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

## RELATED PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS

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, Stephen D. Bard, our chief financial officer, chief compliance officer, treasurer and corporate secretary, and Luben Pampoulov, our vice-president. Messrs. Moe, Bard and Pampoulov, as principals of GSV Asset Management, collectively manage the business and internal affairs of GSV Asset Management. Mr. Klein or entities he controls may receive fees from GSV Asset Management in connection with this offering and, from time to time, subsequent thereto for non-investment advisory services he may provide. 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. For example, GSV Asset Management currently manages GSV X Fund, a global long/short absolute return fund.

While the investment focus of each of these entities tends to be different from our investment objective, it is possible that new investment opportunities that meet our investment objective may come to the attention of one of these entities, or new entities that may 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, GSV Asset Management does not anticipate that it will ordinarily 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. However, to the extent it does identify such opportunities, GSV Asset Management will allocate such opportunities between GSV Capital and such other funds pursuant to an established procedure that is designed to ensure that such allocation is fair and equitable. 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



[TABLE OF CONTENTS](#)

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).

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. We estimate that we will incur approximately \$2.5 million in aggregate expenses under our Administration Agreement during the 12 months of operations following completion of this offering.

[TABLE OF CONTENTS](#)

**CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS**

The following table sets forth certain ownership information as of February 8, 2012 with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote, 5% or more of our outstanding common stock and all officers and directors, as a group.

<u>Name</u>	<u>Type of ownership</u>	<u>Shares owned</u>	<u>Percentage<sup>(1)</sup></u>
All officers and directors as a group (8 persons) <sup>(2)</sup>	Beneficial	110,969	2.01%

(1) Based upon 5,520,100 shares outstanding as of December 31, 2011.

(2) The address for all officers and directors is c/o GSV Capital Corp., 2965 Woodside Road, Woodside, CA 94062.

The following table sets forth the dollar range of our equity securities that are beneficially owned by each of our directors as of February 8, 2012.

<u>Name of Director</u>	<u>Dollar Range of Equity Securities in GSV Capital<sup>(1)(2)</sup></u>
<u>Interested Directors</u>	
Michael T. Moe	\$ 1 – \$10,000
Mark D. Klein	Over \$100,000
<u>Independent Directors</u>	
Leonard A. Potter	Over \$100,000
Mark W. Flynn	None
R. David Spreng	\$ 10,001 - \$50,000

(1) Dollar ranges are as follows: None, \$1 – \$10,000, \$10,001 – \$50,000, \$50,001 – \$100,000, or Over \$100,000.

(2) The dollar range of equity securities beneficially owned in us is based on a price per share of our common stock of \$19.19, the highest reported sale price of our common stock on the NASDAQ Capital Market on February 8, 2012.

## REGULATION AS A BUSINESS DEVELOPMENT COMPANY

### General

A business development company is regulated by the 1940 Act. A business development company must be organized in the United States for the purpose of investing in or lending to primarily private companies and making significant managerial assistance available to them. A business development company may use capital provided by public stockholders and from other sources to make long-term, private investments in businesses. A business development company provides stockholders the ability to retain the liquidity of a publicly traded stock while sharing in the possible benefits, if any, of investing in primarily privately owned companies.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a business development company unless authorized by vote of a majority of the outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

As with other companies regulated by the 1940 Act, a business development company must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not interested persons, as that term is defined in the 1940 Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the business development company. Furthermore, as a business development company, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

As a business development company, we are generally required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 200% after each issuance of senior securities. We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, prior approval by the SEC.

We are generally not able to issue and sell our common stock at a price below net asset value per share. See "Risk Factors — Risks Relating to Our Business and Structure — Regulations governing our operation as a business development company affect our ability to, and the way in which we, raise additional capital." We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In addition, we may generally issue new shares of our common stock at a price below net asset value in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

As a business development company, we are generally limited in our ability to invest in any portfolio company in which our investment adviser or any of its affiliates currently has an investment or to make any co-investments with our investment adviser or its affiliates without an exemptive order from the SEC, subject to certain exceptions.

We are subject to periodic examination by the SEC for compliance with the 1940 Act.

As a business development company, we are subject to certain risks and uncertainties. See "Risk Factors — Risks Relating to Our Business and Structure."

## Qualifying Assets

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the business development company's gross assets. The principal categories of qualifying assets relevant to our proposed business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - (a) is organized under the laws of, and has its principal place of business in, the United States;
  - (b) is not an investment company (other than a small business investment company wholly owned by the business development company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - (c) satisfies any of the following:
    - i. does not have any class of securities that is traded on a national securities exchange;
    - ii. has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;
    - iii. is controlled by a business development company or a group of companies including a business development company and the business development company has an affiliated person who is a director of the eligible portfolio company; or
    - iv. is a small and solvent company having gross assets of not more than \$4.0 million and capital and surplus of not less than \$2.0 million.
- (2) Securities of any eligible portfolio company which we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

If at any time less than 70% of our gross assets are comprised of qualifying assets, including as a result of an increase in the value of any non-qualifying assets or decrease in the value of any qualifying assets, we would generally not be permitted to acquire any additional non-qualifying assets, other than office furniture and equipment, interests in real estate and leasehold improvements and facilities maintained to conduct the business operations of the business development company, deferred organization and operating expenses, and other noninvestment assets necessary and appropriate to its operations as a business development company, until such time as 70% of our then current gross assets were comprised of qualifying assets. We would not be required, however, to dispose of any non-qualifying assets in such circumstances.

### **Managerial Assistance to Portfolio Companies**

In addition, a business development company must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the business development company must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where the business development company purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the business development company, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

### **Temporary Investments**

Pending investment in other types of “qualifying assets,” as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our gross assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC for federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our investment adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

### **Senior Securities**

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our gross assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see “Risk Factors — Risks Relating to Our Business and Structure — We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.”

### **Code of Ethics**

We and GSV Asset Management have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisers Act, respectively, that establishes procedures for personal investments and restricts certain transactions by our personnel. Our codes of ethics generally do not permit investments by our employees in securities that may be purchased or held by us. You may read and copy these codes of ethics at the SEC’s Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. In addition, each code of ethics is attached as an exhibit to the registration statement of which this prospectus is a part, and is available on the EDGAR Database on the SEC’s Internet site at <http://www.sec.gov>. You may also obtain copies of the codes of ethics, after paying a duplicating fee, by electronic request at the following Email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC’s Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

## **Compliance Policies and Procedures**

We and our investment adviser have adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation and designate a chief compliance officer to be responsible for administering the policies and procedures. Stephen D. Bard currently serves as our chief compliance officer.

### **Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002 imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our chief executive officer and chief financial officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management must prepare an annual report regarding its assessment of our internal control over financial reporting and must obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the 1934 Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

## **Proxy Voting Policies and Procedures**

We have delegated our proxy voting responsibility to GSV Asset Management. The Proxy Voting Policies and Procedures of GSV Asset Management are set forth below. The guidelines will be reviewed periodically by GSV Asset Management and our non-interested directors, and, accordingly, are subject to change. For purposes of these Proxy Voting Policies and Procedures described below, “we,” “our” and “us” refers to GSV Asset Management.

### **Introduction**

An investment adviser registered under the Advisers Act has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, we recognize that we must vote client securities in a timely manner free of conflicts of interest and in the best interests of our clients.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

### **Proxy Policies**

We will vote proxies relating to our portfolio securities in what we perceive to be the best interest of our clients’ stockholders. We will review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by our clients. Although we will generally vote against proposals that may have a negative impact on our clients’ portfolio securities, we may vote for such a proposal if there exist compelling long-term reasons to do so.

## TABLE OF CONTENTS

Our proxy voting decisions will be made by the senior officers who are responsible for monitoring each of our clients' investments. To ensure that our vote is not the product of a conflict of interest, we will require that: (1) anyone involved in the decision making process disclose to our managing members any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

### ***Proxy Voting Records***

You may obtain information about how we voted proxies by making a written request for proxy voting information to: GSV Asset Management, 2965 Woodside Road, Woodside, CA 94062.

### **Privacy Principles**

We are committed to maintaining the privacy of our stockholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to non-public personal information about our stockholders to employees of our investment adviser and its affiliates with a legitimate business need for the information. We will maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

## DETERMINATION OF NET ASSET VALUE

We determine the net asset value of our investment portfolio after the conclusion of each fiscal quarter in connection with the preparation of our annual and quarterly reports filed under the Exchange Act, or more frequently if required under the 1940 Act.

Securities that are publicly traded are generally valued at the close price on the valuation date. Securities that are not publicly traded or for which there are no readily available market quotations, including securities that trade on secondary markets for private securities, are valued at fair value as determined in good faith by our board of directors. In connection with that determination, members of our investment adviser's portfolio management team will prepare portfolio company valuations using the most recent portfolio company financial statements and forecasts. We also engage independent valuation firms to perform independent valuations of our investments that are not publicly traded or for which there are no readily available market quotations, including securities that, while listed on a private securities exchange, have not actively traded. We may also engage independent valuation firms to perform independent 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.

For those securities that are not publicly traded or for which there are no readily available market quotations, our board of directors, with the assistance of our Valuation Committee, will use the recommended valuations as prepared by management and the independent valuation firm, respectively, as a component of the foundation for its final fair value determination. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have resulted had others made the determination using the same or different procedures or had a readily available market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the gains or losses implied by the valuation currently assigned to such investments. For those investments that are publicly traded or which actively trade on a private secondary market, we generally record unrealized appreciation or depreciation based on changes in the market value of the securities as of the valuation date. For those investments that are not publicly traded and for which there are no readily available market quotations, including securities that, while listed on a private securities exchange, have not actively traded, we record unrealized depreciation on such investments when an investment has become impaired, and record unrealized appreciation if the underlying portfolio company has appreciated in value and our equity security has also appreciated in value. Changes in fair value are recorded in the statement of operations as the net change in unrealized appreciation or depreciation.

We generally determine the fair value of our investments by considering a number of factors. The following represent factors that could impact our fair value determinations:

1. Public trading of our portfolio securities, taking into consideration lock-up requirements and liquidity;
2. Active trading of our portfolio securities on a private secondary market, where we have determined that there is meaningful volume and the transactions are considered to be arms length transactions among sophisticated investors;
3. Additional funding rounds in the companies in which we are invested, where there is meaningful and reputable information available on size, valuation and investors; and
4. Additional investments by us in current portfolio companies, where the valuation of the new investment differs materially from prior investments.

There is inherent subjectivity in determining the fair value of our investments, in particular in circumstances where no public market quotations are readily available.

### **Determinations in Connection with Offerings**

In connection with each offering of shares of our common stock, our board of directors or a committee thereof will be required to make the determination that we are not selling shares of our common stock at a



## TABLE OF CONTENTS

price below the then current net asset value of our common stock at the time at which the sale is made. Our board of directors or a committee thereof will consider the following factors, among others, in making such determination:

- the net asset value of our common stock disclosed in the most recent periodic report we filed with the SEC;
- our management's assessment of whether any material change in the net asset value of our common stock has occurred (including through the realization of gains on the sale of our portfolio securities) from the period beginning on the date of the most recently disclosed net asset value of our common stock to the period ending two days prior to the date of the sale of our common stock; and
- the magnitude of the difference between the net asset value of our common stock disclosed in the most recent periodic report we filed with the SEC and our management's assessment of any material change in the net asset value of our common stock since the date of the most recently disclosed net asset value of our common stock, and the offering price of the shares of our common stock in the proposed offering.

Importantly, this determination will not require that we calculate the net asset value of our common stock in connection with each offering of shares of our common stock, but instead it will involve the determination by our board of directors or a committee thereof that we are not selling shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made.

Moreover, to the extent that there is even a remote possibility that we may (1) issue shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made or (2) trigger the undertaking (which we provided to the SEC in the registration statement to which this prospectus is a part) to suspend the offering of shares of our common stock pursuant to this prospectus if the net asset value of our common stock fluctuates by certain amounts in certain circumstances until the prospectus is amended, our board of directors will elect, in the case of clause (1) above, either to postpone the offering until such time that there is no longer the possibility of the occurrence of such event or to undertake to determine the net asset value of our common stock within two days prior to any such sale to ensure that such sale will not be below our then current net asset value, and, in the case of clause (2) above, to comply with such undertaking or to undertake to determine the net asset value of our common stock to ensure that such undertaking has not been triggered.

These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records we are required to maintain under the 1940 Act.

## **DIVIDEND REINVESTMENT PLAN**

We have adopted a dividend reinvestment plan, through which all dividends are paid to stockholders in the form of additional shares of our common stock, unless a stockholder elects to receive cash as provided below. In this way, a stockholder can maintain an undiluted investment in us and still allow us to pay out the required distributable income.

No action is required on the part of a registered stockholder to receive a distribution in shares of our common stock. A registered stockholder may elect to receive an entire distribution in cash by notifying American Stock Transfer & Trust Company, the plan administrator and our transfer agent and registrar, in writing so that such notice is received by the plan administrator no later than 10 days prior to the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive distributions in cash and hold such shares in non-certificated form. Upon request by a participant, received in writing not less than 10 days prior to the record date, the plan administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.

We use only newly-issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock at the close of regular trading on the NASDAQ Capital Market on the valuation date for such distribution. Market price per share on that date will be the closing price for such shares on the NASDAQ Capital Market or, if no sale is reported for such day, at the average of their electronically-reported bid and asked prices. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There is no charge to stockholders for receiving their distributions in the form of additional shares of our common stock. The plan administrator's fees for handling distributions in stock are paid by us. There are no brokerage charges with respect to shares we have issued directly as a result of distributions payable in stock. If a participant elects by written or telephonic notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a \$15 transaction fee plus brokerage commissions from the proceeds.

Stockholders who receive distributions in the form of stock are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a distribution from us will be equal to the total dollar amount of the distribution payable to the stockholder. 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.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend or distribution by us. All correspondence concerning the plan should be directed to the plan administrator by mail at 59 Maiden Lane, New York, New York 10038 or by phone at (800) 937-5449.

## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, a trader in securities that elects to use a market-to-market method of accounting for its securities holdings, pension plans and trusts, and financial institutions. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Internal Revenue Code of 1986, as amended the “Code”). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A “U.S. stockholder” generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

- A citizen or individual resident of the United States;
- A corporation, or other entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof (and an entity organized outside of the United States that is treated as a U.S. corporation under specialized sections of the Code);
- A trust if a court within the United States is asked to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantive decisions of the trust (or a trust that has made a valid election to be treated as a U.S. trust); or
- An estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A “Non-U.S. stockholder” generally is a beneficial owner of shares of our common stock who is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner of a partnership holding shares of our common stock should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

### **Election to be Taxed as a RIC**

We intend to elect to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any income that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to be eligible for pass-through tax treatment as a RIC, we must distribute to our stockholders, for each taxable year, at least 90% of our “investment company taxable income,” which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses (the “Annual Distribution Requirement”).

## Taxation as a Regulated Investment Company

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement,

then we will not be subject to federal income tax on the portion of our income we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the “Excise Tax Avoidance Requirement”). We generally will endeavor in each year to make sufficient distributions to our stockholders to avoid any U.S. federal excise tax on our earnings.

In order to qualify as a RIC for federal income tax purposes, we must, among other things:

- have in effect an election to be treated as a business development company under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities or foreign currencies, net income from “qualified publicly traded partnerships,” and other income derived with respect to our business of investing in such stock or securities (the “90% Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
  - no more than 25% of the value of our assets is invested in the securities, other than U.S. Government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses, or of “qualified publicly traded partnerships” (the “Diversification Tests”).

Provided that we satisfy the Diversification Tests as of the close of any quarter, we will not fail the Diversification Tests as of the close of a subsequent quarter as a consequence of a discrepancy between the value of our assets and the requirements of the Diversification Tests that is attributable solely to fluctuations in the value of our assets. Rather, we will fail the Diversification Tests as of the end of a subsequent quarter only if such a discrepancy existed immediately after our acquisition of any asset and was wholly or partly the result of that acquisition. In addition, if we fail the Diversification Tests as of the end of any quarter, we will not lose our status as a RIC if we eliminate the discrepancy within thirty days of the end of such quarter and, if we eliminate the discrepancy within that thirty-day period, we will be treated as having satisfied the Diversification Tests as of the end of such quarter for purposes of applying the rule described in the preceding sentence.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (which may arise if we receive warrants in connection with the origination of a loan or if we receive contractual payment-in-kind, or PIK, interest (which represents contractual interest added to the loan balance and due at the end of the loan term) or possibly in other circumstances), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether we receive cash representing such income in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as dividends and deferred loan origination fees that are

## TABLE OF CONTENTS

paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while we have debt obligations or other senior securities outstanding unless certain “asset coverage” tests are met. See “Regulation — Senior Securities.” Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things: (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions; (ii) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income; (iii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited); (iv) cause us to recognize income or gain without a corresponding receipt of cash; (v) adversely affect the time as to when a purchase or sale of securities is deemed to occur; (vi) adversely alter the characterization of certain complex financial transactions; and (vii) produce income that will not be qualifying income for purposes of the 90% Income Test described above. We will monitor our transactions and may make certain tax elections in order to mitigate the potential adverse effect of these provisions.

Gain or loss that we realize from the sale or exchange of warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. The treatment of such gain or loss as long-term or short-term will depend on how long we held a particular warrant. Upon the exercise of a warrant acquired by us, our tax basis in the stock purchased under the warrant will equal the sum of the amount paid for the warrant plus the strike price paid on the exercise of the warrant.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

### **Taxation of U.S. Stockholders**

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our “investment company taxable income” (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions paid by us in taxable years beginning before January 1, 2013 to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions (“Qualifying Dividends”) may be eligible for a maximum tax rate of 15%. In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends received by us and, therefore, generally will not qualify for the 15% maximum rate applicable to Qualifying Dividends. Distributions by us to a corporate shareholder will qualify for the dividends-received deduction only to the extent that the distributions consist of qualifying dividends received by us. In addition, any such dividends-received deduction will be disallowed or reduced if the corporate shareholder fails to satisfy certain requirements, including a holding period requirement, with respect to its shares of our common stock. Distributions of our net capital gains (which are generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly reported by us as “capital gain dividends” will be taxable to a U.S. stockholder as long-term capital gains, regardless of the U.S. stockholder’s holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Any such capital gain distributions that are made in taxable years of a U.S. stockholder beginning before January 1, 2013 will be taxable at a maximum rate of 15% in the case of individuals, trusts or estates. Distributions in excess of our current and accumulated earnings and profits first will reduce a U.S. stockholder’s adjusted tax basis in such stockholder’s common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

## TABLE OF CONTENTS

Under the dividend reinvestment plan, our stockholders who have not “opted out” of our dividend reinvestment plan will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. Any distributions reinvested under the plan will nevertheless remain taxable to U.S. stockholders. A U.S. stockholder will have an adjusted basis in the additional common shares purchased through the plan equal to the amount of the reinvested distribution. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the U.S. stockholder’s account.

We may retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses, but designate the retained net capital gain as a “deemed distribution.” In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. Because we expect to pay tax on any retained capital gains at our regular corporate tax rate, and because that rate is in excess of the maximum rate currently payable by non-corporate taxpayers on long-term capital gains, the amount of tax that individual U.S. stockholders will be treated as having paid will exceed the tax they owe on the capital gain distribution and such excess generally may be refunded or claimed as a credit against the U.S. stockholder’s other U.S. federal income tax obligations. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder’s cost basis for his, her or its common stock. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a “deemed distribution.”

As a RIC, we are required to apportion any items that are treated differently for alternative minimum tax (“AMT”) purposes between us and our stockholders, and such apportionment may affect our stockholders’ AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued by the Internal Revenue Service, we intend in general to apportion these items in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction we are entitled to claim), unless we determine that a different method for a particular item is warranted under the circumstances.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder’s adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized by a stockholder upon a disposition of shares of our common stock will generally be disallowed if the stockholder purchases other shares of our common stock (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

## TABLE OF CONTENTS

In general, non-corporate U.S. stockholders currently are subject to a maximum federal income tax rate of 15% on their net capital gain (i.e., the excess of realized net long-term capital gains over realized net short-term capital losses) recognized in taxable years beginning before January 1, 2013, including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, for taxable years beginning after December 31, 2012, individuals with income in excess of \$200,000 (\$250,000 in the case of married individuals filing jointly) and certain estates and trusts are generally subject to an additional 3.8% tax on their “net investment income,” which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder’s taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year’s distributions generally will be reported to the Internal Revenue Service (including the amount of dividends, if any, eligible for the 15% maximum rate). Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder’s particular situation.

We may be required to withhold federal income tax (“backup withholding”) from all taxable distributions to any U.S. stockholder (other than a corporation, a financial institution, or a stockholder that otherwise qualifies for an exemption) (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the Internal Revenue Service notifies us that such stockholder has failed to properly report certain interest and dividend income to the Internal Revenue Service and to respond to notices to that effect. An individual’s taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder’s federal income tax liability, provided that proper information is provided to the Internal Revenue Service.

### **Taxation of Non-U.S. Stockholders**

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend upon that person’s particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our common stock.

Distributions of our “investment company taxable income” to Non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if paid to Non-U.S. stockholders directly) will be subject to withholding of federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent such distributions do not exceed our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if a treaty applies, are attributable to a U.S. permanent establishment of the Non-U.S. stockholder), we will not be required to withhold federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to federal income tax at the rates applicable to U.S. persons. Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.

For taxable years prior to December 31, 2011, U.S. source withholding taxes are not imposed on dividends paid by RICs to the extent the dividends were designated as “interest-related dividends” or

## TABLE OF CONTENTS

“short-term capital gain dividends.” Under this exemption, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gains that would not have been subject to U.S. withholding tax at the source if they had been received directly by a foreign person, and that satisfy certain other requirements. The exemption applies to dividends with respect to taxable years of RICs beginning on or before December 31, 2011. No assurance can be given as to whether this exemption will be extended for tax years beginning after December 31, 2011 or as to whether any of our distributions will be designated as eligible for this exemption from withholding tax.

Actual or deemed distributions of our net capital gains to a stockholder that is a non-U.S. stockholder, and gains realized by a non-U.S. stockholder upon the sale or redemption of our common stock, will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States) or, in the case of an individual, the non-U.S. stockholder was present in the United States for 183 days or more during the taxable year and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a stockholder that is a Non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder’s allocable share of the corporate-level tax we pay on the capital gains deemed to have been distributed; however, in order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return.

If any actual or deemed distributions of our net capital gains or any gains realized upon the sale or redemption of our common stock are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a U.S. permanent establishment maintained by the Non-U.S. stockholder), such amounts will be subject to U.S. income tax, on a net income basis, in the same manner, and at the graduated rates applicable to, a U.S. stockholder. For a corporate Non-U.S. stockholder, distributions (both actual and deemed) and gains realized upon the sale or redemption of our common stock that are effectively connected to a U.S. trade or business (and, if a treaty applies, are attributable to a U.S. permanent establishment), may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate (or at a lower rate if provided for by an applicable treaty).

Under the dividend reinvestment plan, our stockholders who have not “opted out” of our dividend reinvestment plan will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. If the distribution is a distribution of our investment company taxable income, is not properly reported by us as a short-term capital gains dividend or interest-related dividend (assuming extension of the exemption discussed above), and is not effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if a treaty applies, is not attributable to a U.S. permanent establishment), the amount distributed (to the extent of our current and accumulated earnings and profits) will be subject to U.S. federal withholding tax at a 30% rate (or lower rate provided by an applicable treaty) and only the net after-tax amount will be reinvested in common shares. If the distribution is effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if a treaty applies, are attributable to a U.S. permanent establishment), generally the full amount of the distribution will be reinvested in the plan and will nevertheless be subject to U.S. federal income tax at the ordinary income rates applicable to U.S. persons. The non-U.S. stockholder will have an adjusted basis in the additional common shares purchased through the plan equal to the amount reinvested. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the non-U.S. stockholder’s account.



## TABLE OF CONTENTS

Recently enacted legislation generally imposes a 30% withholding tax on payments of certain types of payments to foreign financial institutions that fail to enter into an agreement with the United States Treasury to report certain required information with respect to accounts held by United States persons (or held by foreign entities that have United States persons as substantial owners). The types of payments subject to the tax include U.S. source interest and dividends and the gross proceeds from the sale of any property that could produce U.S.-source interest or dividends. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a 10% or greater U.S. owner or provides the withholding agent with identifying information on each 10% or greater U.S. owner. When these provisions become effective, depending on the status of a Non-U.S. Holder and the status of the intermediaries through which they hold their common stock, Non-U.S. Holders could be subject to this 30% withholding tax with respect to distributions on their units and proceeds from the sale of their common stock. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such taxes. Pursuant to published guidance from the IRS and the U.S. Treasury Department, this legislation will apply to payments of interest and dividends made after December 31, 2013 and payments of gross proceeds made after December 31, 2014.

A Non-U.S. stockholder who is a non-resident alien individual, and who is subject to withholding of federal tax, may be subject to information reporting in connection with certain payments on the common stock. A Non-U.S. stockholder may be subject to backup withholding of federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding. Any amount withheld under backup withholding may be refunded or allowed as a credit against the Non-U.S. stockholder's U.S. federal income tax liability, provided that proper information is provided to the Internal Revenue Service.

**Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.**

### **Failure to Qualify as a Regulated Investment Company**

If we were unable to qualify for treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates, regardless of whether we make any distributions to our stockholders. Distributions would not be required, and any distributions made in taxable years beginning before January 1, 2013 would be taxable to our stockholders as ordinary dividend income, and provided that certain holding periods and other requirements were met, could be eligible for the 15% maximum rate to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the non-qualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that were recognized within the subsequent 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of its requalification as a RIC. If we fail to satisfy the 90% Income Test or the Diversification Test described above, however, we may be able to avoid losing our status as a RIC by timely providing notice of such failure to the Internal Revenue Service, curing such failure and possibly paying an additional tax.

## DESCRIPTION OF SECURITIES

The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws.

### Stock

The authorized stock of GSV Capital as of February 8, 2012 consists of 100,000,000 shares of stock, par value \$0.01 per share, all of which are initially designated as common stock. Our common stock is listed on the NASDAQ Capital Market under the ticker symbol "GSVC." There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

The following are our outstanding classes of securities as of February 8, 2012:

Title of Class	Amount Authorized	Amount Held by Us or for Our Account	Amount Outstanding Exclusive of Amounts Shown Under (3)
Common stock	100,000,000	—	5,520,100

Under our charter our board of directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that the board of directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

#### *Common Stock*

All shares of our common stock have equal rights as to earnings, assets, voting, and dividends and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Shares of our common stock have no preemptive, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

#### *Preferred Stock*

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. The cost of any such reclassification would be borne by our existing common stockholders. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our gross assets after deducting the amount of

## TABLE OF CONTENTS

such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two full years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. We expect that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions. However, we do not currently have any plans to issue preferred stock.

### **Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either, case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written

## TABLE OF CONTENTS

undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have entered into indemnification agreements with our directors. The indemnification agreements provide our directors the maximum indemnification permitted under Maryland law and the 1940 Act.

Our insurance policy does not currently provide coverage for claims, liabilities and expenses that may arise out of activities that our present or former directors or officers have performed for another entity at our request. There is no assurance that such entities will in fact carry such insurance. However, we note that we do not expect to request our present or former directors or officers to serve another entity as a director, officer, partner or trustee unless we can obtain insurance providing coverage for such persons for any claims, liabilities or expenses that may arise out of their activities while serving in such capacities.

### **Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws**

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquirer to acquire us by means of a tender offer, proxy contest or otherwise, the material ones of which are discussed below. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We expect the benefits of these provisions to outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

#### ***Classified Board of Directors***

Our board of directors is divided into three classes of directors serving staggered three-year terms. The initial terms of the first, second and third classes will expire in 2012, 2013, and 2014, respectively, and in each case, those directors will serve until their successors are elected and qualify. Upon expiration of their current terms, directors of each class will be elected to serve for three-year terms and until their successors are duly elected and qualify and each year one class of directors will be elected by the stockholders. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors will help to ensure the continuity and stability of our management and policies.

#### ***Election of Directors***

Our charter and bylaws provide that the affirmative vote of the holders of a plurality of the outstanding shares of stock entitled to vote in the election of directors cast at a meeting of stockholders duly called and at which a quorum is present will be required to elect a director. Pursuant to our charter our board of directors may amend the bylaws to alter the vote required to elect directors.

#### ***Number of Directors; Vacancies; Removal***

Our charter provides that the number of directors will be set only by the board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than one nor more than nine. Our charter provides that, at such time as we have at least three independent directors and our common stock is registered under the Securities Exchange Act of 1934, as amended, we elect to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, at such time, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

## TABLE OF CONTENTS

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

### ***Action by Stockholders***

Under the Maryland General Corporation Law, stockholder action can be taken only at an annual or special meeting of stockholders or (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not) by unanimous written consent in lieu of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

### ***Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals***

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the board of directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of our bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the board of directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the board of directors or (3) provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

### ***Calling of Special Meetings of Stockholders***

Our bylaws provide that special meetings of stockholders may be called by our board of directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

### ***Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws***

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments, any proposal for our conversion, whether by charter amendment, merger or otherwise, from a closed-end company to an open-end company and any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by a majority of our continuing directors (in addition to approval by our board of directors), such

## TABLE OF CONTENTS

amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The “continuing directors” are defined in our charter as (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of our current directors then on the board of directors or (3) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of continuing directors or the successor continuing directors then in office.

Our charter and bylaws provide that the board of directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

### ***No Appraisal Rights***

Except with respect to appraisal rights arising in connection with the Control Share Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of the board of directors shall determine such rights apply.

### ***Control Share Acquisitions***

The Maryland General Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter (the “Control Share Act”). Shares owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquirer crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations, including, as provided in our bylaws compliance with the 1940 Act. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Act any and all

## TABLE OF CONTENTS

acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the board of directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Control Share Act does not conflict with the 1940 Act.

### ***Business Combinations***

Under Maryland law, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder (the “Business Combination Act”). These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by the board of directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution may be altered or repealed in whole or in part at any time; however, our board of directors will adopt resolutions so as to make us subject to the provisions of the Business Combination Act only if the board of directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Business Combination Act does not conflict with the 1940 Act. If this resolution is repealed, or the board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

### ***Conflict with 1940 Act***

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, including the Control Share Act (if we amend our bylaws to be subject to such Act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

## UNDERWRITING

Citigroup Global Markets Inc. is acting as sole book-running manager of the offering and as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Ladenburg Thalmann & Co. Inc.	
Lazard Capital Markets LLC	
National Securities Corporation	
Aegis Capital Corporation	
Maxim Group LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 450,000 additional shares at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We and each of our directors and officers has agreed that, for a period of 90 days from the date of this prospectus, such party will not, without the prior written consent of Citigroup, offer, pledge, sell, contract to sell or otherwise dispose of or agree to sell or otherwise dispose of, directly or indirectly, or hedge any shares or any securities convertible into or exchangeable for shares, provided, however, that we may issue shares pursuant to our dividend reinvestment plan. Citigroup in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, if (i) during the last 17 days of the 90-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The shares are listed on the NASDAQ Capital Market under the symbol "GSVC".

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	No Exercise	Full Exercise
Per share	\$	\$
Total	\$	\$



## TABLE OF CONTENTS

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.
  - “Covered” short sales are sales of shares in an amount up to the number of shares represented by the underwriters’ over-allotment option.
  - “Naked” short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters’ over-allotment option.
- Covering transactions involve purchases of shares either pursuant to the over-allotment option or in the open market after the distribution has been completed in order to cover short positions.
  - To close a naked short position, the underwriters must purchase shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
  - To close a covered short position, the underwriters must purchase shares in the open market after the distribution has been completed or must exercise the over-allotment option. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.
- Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters, in covering short positions or making stabilizing purchases, repurchase shares originally sold by that syndicate member.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NASDAQ Capital Market, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

In addition, in connection with this offering, some of the underwriters (and selling group members) may engage in passive market making transactions in the shares on the NASDAQ Capital Market, prior to the pricing and completion of the offering. Passive market making consists of displaying bids on the NASDAQ Capital Market at no higher than the bid prices of independent market makers and making purchases at prices no higher than those independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker’s average daily trading volume in the shares during a specified period and must be discontinued when that limit is reached. Passive market making may cause the price of the shares to be higher than the price that otherwise would exist in the open market in the absence of those transactions. If the underwriters commence passive market making transactions, they may discontinue them at any time.

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. For example, each of the underwriters in this offering received underwriting discounts and compensation in connection with our prior follow-on public offering, which was completed in September 2011. In the ordinary

## TABLE OF CONTENTS

course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

### **Notice to Prospective Investors in the European Economic Area**

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an “offer of securities to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

### **Notice to Prospective Investors in the United Kingdom**

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a “relevant person”). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

## TABLE OF CONTENTS

### **Notice to Prospective Investors in France**

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

### **Notice to Prospective Investors in Hong Kong**

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### **Notice to Prospective Investors in Japan**

The shares offered in this prospectus have not been registered under the Securities and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

### **Notice to Prospective Investors in Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1),

## TABLE OF CONTENTS

or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

## **CUSTODIAN, TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR**

Our securities will be held under a custody agreement by U.S. Bank National Association. The address of the custodian is One Federal Street, Boston, MA 02110. American Stock Transfer & Trust Company will act as our transfer agent, distribution paying agent and registrar. The principal business address of our transfer agent is 59 Maiden Lane, New York, New York 10038, telephone number: (800) 937-5449.

## **BROKERAGE ALLOCATION AND OTHER PRACTICES**

Since we will generally acquire and dispose of our investments in privately negotiated transactions, including in connection with private secondary market transactions, we will infrequently use brokers in the normal course of our business. Subject to policies established by our board of directors, our investment adviser will be primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. Our investment adviser does not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for GSV Capital, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While our investment adviser generally will seek reasonably competitive trade execution costs, GSV Capital will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, our investment adviser may select a broker based partly upon brokerage or research services provided to the investment adviser and GSV Capital and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if the investment adviser, in accordance with Section 28(e) under the Exchange Act, determines in good faith that such commission is reasonable in relation to the services provided.

## **LEGAL MATTERS**

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC. Certain legal matters in connection with the offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audited statement of assets and liabilities as of February 28, 2011, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants located at One California Street, Suite 2300, San Francisco, California 94111, upon the authority of said firm as experts in giving said report.

## **AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to the SEC's Public Reference Section, Washington, D.C. 20549. This information will also be available free of charge by contacting us at GSV Capital Corp., 2965 Woodside Road, Woodside, CA 94062, by telephone at (650) 206-2965, or on our website at <http://www.gsvcap.com>.

[TABLE OF CONTENTS](#)

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">F-2</a>
<a href="#">Statement of Assets and Liabilities as of February 28, 2011</a>	<a href="#">F-3</a>
<a href="#">Notes to Statement of Assets and Liabilities</a>	<a href="#">F-4</a>
<a href="#">Statements of Assets and Liabilities as of September 30, 2011 (unaudited)</a>	<a href="#">F-7</a>
<a href="#">Statement of Operations for the three months ended September 30, 2011 and for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-8</a>
<a href="#">Statement of Changes in Net Assets for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-9</a>
<a href="#">Statement of Cash Flows for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-10</a>
<a href="#">Schedule of Investments as of September 30, 2011 (unaudited)</a>	<a href="#">F-11</a>
<a href="#">Notes to the Financial Statements as of September 30, 2011 (unaudited)</a>	<a href="#">F-13</a>

[TABLE OF CONTENTS](#)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholder  
NeXt Innovation Corp.  
(formerly NeXt BDC Capital Corp.)

We have audited the accompanying statement of assets and liabilities of NeXt Innovation Corp. (a Maryland corporation) (a development stage company) (formerly NeXt BDC Capital Corp.) as of February 28, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of NeXt Innovation Corp. (a development stage company) (formerly NeXt BDC Capital Corp.) as of February 28, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

San Francisco, CA  
March 29, 2011

**NeXt Innovation Corp.**  
**(A Development Stage Company)**  
**(formerly NeXt BDC Capital Corp.)**

**STATEMENT of ASSETS and LIABILITIES**

**February 28, 2011**

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<b>ASSETS</b>	
	<u>2011</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 1,500
Deferred offering costs	168,546
<b>TOTAL ASSETS</b>	<u>\$ 170,046</u>
<b>LIABILITIES AND NET ASSET DEFICIT</b>	
	<u>2011</u>
<b>LIABILITIES:</b>	
Accrued expenses	\$ 129,621
Due to related parties	50,933
<b>TOTAL LIABILITIES</b>	<u>\$ 180,554</u>
<b>NET ASSET DEFICIT:</b>	
Common stock, 100,000,000 shares authorized, 100 shares issued and outstanding \$0.01 per share par value	\$ 1
Additional paid in capital	1,499
Accumulated investment loss	(12,008)
<b>Net Asset Deficit</b>	<u>(10,508)</u>
<b>TOTAL LIABILITIES AND NET ASSET DEFICIT</b>	<u>\$ 170,046</u>
<b>NET ASSET VALUE PER SHARE</b>	<u>\$ (105)</u>

The accompanying notes are an integral part of this financial statement.



**NeXt Innovation Corp.**  
**(A Development Stage Company)**  
**(formerly NeXt BDC Capital Corp.)**

**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

**February 28, 2011**

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

**Nature of operations**

NeXt Innovation Corp. (the “Company”) was formed in September 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. The Company intends to elect to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act, prior to pricing of its initial public offering. The Company will be managed by NeXt Asset Management, LLC (“NeXt Asset Management”).

As of February 28, 2011, the Company has not yet begun commercial operations. All of the outstanding shares are owned by an officer of the Company who is also a principal of NeXt Asset Management.

The Company’s investment objective is to maximize capital appreciation. The Company will seek to achieve its investment objective by investing primarily in privately held high growth venture backed companies and select mid cap and large cap publicly traded companies.

On March 28, 2011, the board of directors 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.

**Summary Significant Accounting Policies**

**Basis of Presentation**

The accompanying statement of assets and liabilities has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**Cash and Cash Equivalents**

Cash and cash equivalents consist of bank demand deposits.

**U.S. Federal Income Taxes**

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 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 timely distribute to its stockholders 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 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 represents obligations of the Company’s investors and will not be reflected in the financial statements of the Company.

**Use of Estimates**

The preparation of the statement of assets and liabilities in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

**NeXt Innovation Corp.**  
**(A Development Stage Company)**  
**(formerly NeXt BDC Capital Corp.)**

**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

**February 28, 2011**

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**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Organization and offering costs**

Organization costs include costs relating to the formation and incorporation of the business. These costs are expensed as incurred. As of February 28, 2011, the Company has incurred and expensed organization costs of \$12,008.

Offering costs include legal fees and other costs pertaining to the registration statement. These costs have been deferred and will be offset against capital proceeds from the initial public offering. As of February 28, 2011, these costs amount to \$168,546.

In the event that the Company's initial public offering is not completed, these organization and offering costs will be borne by its officers and certain of its directors.

**New Accounting Standards**

Management does not believe any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying financial statement.

**NOTE 2 — RELATED PARTY ARRANGEMENTS**

**Investment Advisory Agreement**

The Company will enter into an investment advisory agreement with NeXt Asset Management (the "Advisory Agreement") in connection with its initial public offering. Pursuant to the Advisory Agreement, NeXt 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. As of the date of this financial statement, no services have been performed by NeXt Asset Management, and no fees have been paid or accrued.

As of the date of this financial statement, NeXt Asset Management advanced \$570 for the benefit of the Company.

Certain officers of the Company are also principals of NeXt Asset Management.

Advances made on behalf of the Company by its officers or directors for organizational and offering costs amount to \$50,933.

**Administration Agreement**

The Company will enter into an administration agreement with NeXt Innovation 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. The Company will reimburse NeXt Innovation Service Company an allocable portion of overhead and other expenses in performing its obligations under the Administration Agreement. As of the date of this financial statement, no services have been performed by NeXt Innovation Service Company, and no fees have been paid or accrued.

**NeXt Innovation Corp.**  
**(A Development Stage Company)**  
**(formerly NeXt BDC Capital Corp.)**

**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

**February 28, 2011**

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**NOTE 3 — SUBSEQUENT EVENTS**

On March 28, 2011, the board of directors 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.

On March 28, 2011, the board of directors of the Company approved the form of the Advisory Agreement and Administration Agreement.

The Company evaluated subsequent events through March 29, 2011, the date the statement of assets and liabilities were available for issuance.

**NOTE 4 — INDEMNIFICATION**

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business the Company enters into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**(Unaudited)**

	September 30, 2011
<b>ASSETS</b>	
Investments at fair value:	
Investments in non-control/non-affiliated securities (cost of \$41,943,388)	\$41,389,584
Cash	32,098,207
Due from:	
GSV Asset Management	809
Portfolio company	30,000
Prepaid expenses	138,692
Accrued interest	52,222
Other assets	6,456
<b>Total Assets</b>	<b>73,715,970</b>
<b>LIABILITIES</b>	
Due to:	
GSV Asset Management	74
Other affiliates	34,635
Accounts payable	388,812
Accrued offering costs	98,627
Accrued expenses	5,793
<b>Total Liabilities</b>	<b>527,941</b>
<b>Commitments and contingencies (Note 6)</b>	
<b>Net Assets</b>	<b>\$73,188,029</b>
<b>NET ASSETS</b>	
Common Stock, par value \$0.01 per share (100,000,000 authorized; 5,520,100 issued and outstanding)	\$ 55,201
Paid-in capital in excess of par	75,042,833
Accumulated net investment loss	(1,356,201)
Unrealized depreciation on investments	(553,804)
<b>Net Assets</b>	<b>\$73,188,029</b>
<b>Net Asset Value Per Share</b>	<b>\$ 13.26</b>

See Notes to the Financial Statements.

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

	For the three months ended September 30, 2011	For the period from January 6, 2011 (date of inception) to September 30, 2011
<b>INVESTMENT INCOME</b>		
Interest income	\$ 52,222	\$ 52,222
Dividend income	1,186	1,186
<b>Total Investment Income</b>	<b>53,408</b>	<b>53,408</b>
<b>OPERATING EXPENSES</b>		
Investment management fees	233,961	384,904
Costs incurred under administration agreement	192,031	305,066
Directors' fees	42,500	85,000
Professional fees	152,916	271,548
Insurance expense	47,192	95,301
Investor relations expense	52,250	53,000
Organization expenses	6,336	198,831
Other expenses	6,310	15,959
<b>Total Operating Expenses</b>	<b>733,496</b>	<b>1,409,609</b>
<b>Net Investment Loss</b>	<b>(680,088)</b>	<b>(1,356,201)</b>
<b>Net Change in Unrealized Depreciation on Non-Control/Non-Affiliated Securities</b>	<b>(494,170)</b>	<b>(553,804)</b>
<b>Net Decrease in Net Assets Resulting From Operations</b>	<b>\$ (1,174,258)</b>	<b>\$ (1,910,005)</b>
<b>Net Decrease in Net Assets Resulting From Operations Per Average Share<sup>(1)</sup></b>	<b>\$ (0.34)</b>	<b>\$ (0.78)</b>

(1) 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. Weighted average common shares were 3,430,100 and 2,460,565 for the three-month and since inception periods, respectively.

See Notes to the Financial Statements.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**(Unaudited)**

	For the period from January 6, 2011 (date of inception) to September 30, 2011
<b>Net Decrease in Net Assets Resulting From Operations</b>	
Net Investment Loss	\$ (1,356,201)
Net Change in Unrealized Depreciation on Non-Control/Non-Affiliated Securities	(553,804)
<b>Net Decrease in Net Asset Resulting From Operations</b>	<u>(1,910,005)</u>
<b>Capital Share Transactions</b>	
Net Proceeds from Common Shares Issued	76,175,200
Offering Costs	(1,077,166)
<b>Net Capital Share Transactions</b>	<u>75,098,034</u>
<b>Net Assets at End of Period</b>	<u>\$ 73,188,029</u>
<b>Capital Share Activity</b>	
Shares Issued	5,520,100
<b>Shares Outstanding at End of Period</b>	<u>5,520,100</u>

*See Notes to the Financial Statements.*

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**STATEMENT OF CASH FLOWS**  
**(Unaudited)**

	For the period from January 6, 2011 (date of inception) to September 30, 2011
<b>Cash Flows from Operating Activities</b>	
Net decrease in net assets resulting from operations	\$ (1,910,005)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Net change in unrealized depreciation on investments	553,804
Purchases of investments in:	
Non-control/non-affiliated securities	(41,943,388)
Money market funds	(4,500,000)
Proceeds from sales of investments in:	
Money market funds	4,500,000
Increase in due from GSV Asset Management	(809)
Increase in due from portfolio company	(30,000)
Increase in prepaid expenses	(138,692)
Increase in accrued interest	(52,222)
Increase in other assets	(6,456)
Increase in due to GSV Asset Management	74
Increase in due to other affiliates	34,635
Increase in accounts payable	388,812
Increase in accrued offering costs	98,627
Increase in accrued expenses	5,793
<b>Net Cash Used in Operating Activities</b>	<u>(42,999,827)</u>
<b>Cash Flows from Financing Activities</b>	
Net proceeds from common shares issued	76,175,200
Offering costs paid	(1,077,166)
<b>Net Cash Provided by Financing Activities</b>	<u>75,098,034</u>
<b>Total Increase in Cash Balance</b>	<b>32,098,207</b>
Cash Balance at Beginning of Period	—
<b>Cash Balance at End of Period</b>	<u><u>\$ 32,098,207</u></u>
<b>Non-Cash Items</b>	
Decrease in deferred offering costs	\$ 57,176
Increase in offering costs	\$ (57,176)

*See Notes to the Financial Statements.*

[TABLE OF CONTENTS](#)

**GSV Capital Corp.**  
**(formerly NeXt Innovation Corp.)**  
**Schedule of Investments**  
**September 30, 2011**

Portfolio Investments*	Headquarters/ Industry	Shares/ Par Amount	Cost	Fair Value	% of Net Assets
<u>Bloom Energy Corporation</u> Common shares (97,400,000 total common shares outstanding)	Sunnyvale, CA Fuel Cell Energy	96,389	\$ 1,815,818	\$ 1,771,335	2.42%
<u>Chegg, Inc.</u> Common shares (76,149,000 total common shares outstanding)	Santa Clara, CA Textbook Rental	774,193	6,003,694	5,999,996	8.20%
<u>Facebook, Inc.</u> Common shares, Class B (2,353,000,000 total common shares outstanding)	Palo Alto, CA Social Networking	225,000	6,589,670	6,587,500	9.00%
<u>GILT Groupe, Inc.</u> Common shares (36,154,000 total common shares outstanding)	New York, NY e-Commerce Flash Sales	203,100	5,576,979	5,499,250	7.51%
<u>Groupon</u> Common shares, Class B** (594,600,000 total common shares outstanding)	Chicago, IL Online Deals	80,000	2,127,577	2,035,200	2.78%
<u>Kno, Inc.</u> Preferred shares, Series C (39,154,000 total preferred shares outstanding)	Santa Clara, CA Digital Textbooks	440,313	2,257,959	2,250,000	3.08%
<u>PJB Fund LLC</u> Structured note, 10%, due 8/15/2012	San Francisco, CA Social Gaming	\$ 4,000,000	4,028,914	4,000,000	5.47%
<u>Serious Energy, Inc.</u> Common shares (57,628,472 total common shares outstanding)	Sunnyvale, CA Green Materials	178,095	738,674	712,380	0.97%
<u>SharesPost, Inc.</u> Preferred shares, Series B (14,600,000 total preferred shares outstanding)	San Bruno, CA Online Marketplace (Finance)	1,776,970	\$ 2,257,792	\$ 2,226,872	3.04%
Common warrants, \$0.13 strike price, expire 6/15/2018		770,934	23,128	23,128	0.03%
<b>Total</b>			<b>2,280,920</b>	<b>2,250,000</b>	<b>3.07%</b>
<u>Silver Spring Networks, Inc.</u> Common shares (161,000,000 total common shares outstanding)	Redwood City, CA Smart Grid	110,143	1,153,381	1,101,430	1.51%
<u>TrueCar, Inc.</u> Common shares (81,100,000 total common shares outstanding)	Santa Monica, CA Online Marketplace (Cars)	377,358	2,001,782	2,000,000	2.73%

See Notes to the Financial Statements.



[TABLE OF CONTENTS](#)

**GSV Capital Corp.**  
**(formerly NeXt Innovation Corp.)**  
**Schedule of Investments (continued)**  
**September 30, 2011**

Portfolio Investments*	Headquarters/ Industry	Shares	Cost	Fair Value	% of Net Assets
<u>Twitter, Inc.</u> Common shares (484,700,000 total common shares outstanding)	San Francisco, CA Social Communication	405,600	7,107,703	6,932,493	9.47%
<u>ZoomSystems</u> Preferred shares, Series A (420,000,000 total preferred shares outstanding)	San Francisco, CA Smart e-tail (Retail)	1,250,000	260,317	250,000	0.34%
<b>Total Investments</b>			<u>\$41,943,388</u>	<u>\$41,389,584</u>	<u>56.55%</u>

\* All portfolio investments are non-control/non-affiliated and non-income producing.

\*\* On October 31, 2011, Groupon conducted a two-for-one stock split of its common stock, which has been reflected above.

See Notes to the Financial Statements.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(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.

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 secondary 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 secondary offering resulted in net proceeds to the Company of approximately \$29.6 million.

**Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2011.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

*Use of Estimates*

The preparation of 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 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 transactions are accounted for on a trade date basis. Securities for which market quotations are readily available on an exchange are valued at the closing price of such security on the valuation date. 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, where appropriate, 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 any applicable independent pricing service, 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 of financial ratios of the portfolio companies that issued such private equity securities to peer companies that are public, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, and other relevant factors.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

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.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

***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. At September 30, 2011, no investments were deemed to be control or affiliated investments.

***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 calculated 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, 2011, the Company had \$0 in Escrow deposits.

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

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 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 timely distribute to its stockholders 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 represents obligations of the Company's investors and will not be reflected in the financial statements of the Company.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 1 — NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)**

The Company evaluates tax positions taken or expected to be taken in the course of preparing its 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.

***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 period from January 6, 2011 (date of inception) to September 30, 2011, the Company has incurred and expensed organization costs of \$198,831. Offering costs include legal fees and other costs pertaining to the initial public offering. These costs have been offset against capital proceeds from the public offerings. For the period from January 6, 2011 (date of inception) to September 30, 2011, these costs amount to \$1,077,166.

***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.

***Recently Issued 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 amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted. At this time management is evaluating the implications of the amendment and the impact to the financial statements of GSV Capital Corp.

**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

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 2 — RELATED PARTY ARRANGEMENTS – (continued)**

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 \$233,961 in base fees and \$0 in incentive fees for the three months ended September 30, 2011, and \$384,904 in base fees and \$0 in incentive fees for the period from January 6, 2011 (date of inception) to September 30, 2011.

As of September 30, 2011, the Company was due \$809 from GSV Asset Management for reimbursement of legal and other 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 September 30, 2011, the Company owed certain officers and directors \$34,635 and GSV Asset Management \$74 for reimbursements of travel-related and other expenses, which are included in the Statement of Assets and Liabilities.

**Administration Agreement**

The Company has 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 \$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.

**NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE**

At September 30, 2011, the Company had 14 investments in 13 portfolio companies. The total cost and fair value of the 14 positions were \$41,943,388 and \$41,389,584, respectively. The composition of our investments as of September 30, 2011 is as follows:

	Cost	Fair Value
Common Stock	\$33,115,278	\$ 32,639,584
Preferred Stock	4,776,068	4,726,872
Structured Note	4,028,914	4,000,000
Warrants	23,128	23,128
<b>Total Portfolio</b>	<b>\$41,943,388</b>	<b>\$ 41,389,584</b>

The fair values of our portfolio investments as of September 30, 2011 disaggregated into the three levels of the ASC 820 valuation hierarchy are as follows:

	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stock	\$ —	\$ —	\$32,639,584	\$ 32,639,584
Preferred Stock	—	—	4,726,872	4,726,872
Structured Note	—	—	4,000,000	4,000,000
Warrants	—	—	23,128	23,128
<b>Total Portfolio</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$41,389,584</b>	<b>\$ 41,389,584</b>

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 3 — PORTFOLIO INVESTMENTS AND FAIR VALUE – (continued)**

The aggregate values of Level 3 portfolio investments changed during the three months ended September 30, 2011 as follows:

	Common Stock	Preferred Stock	Structured Note	Warrants	Total
Fair value as of July 1, 2011	\$13,994,703	\$2,250,000	\$ —	\$ —	\$16,244,703
Purchases of investments	19,067,024	2,519,985	4,028,914	23,128	25,639,051
Change in unrealized depreciation included in earnings	(422,143)	(43,113)	(28,914)	—	(494,170)
Fair value as of September 30, 2011	<u>\$32,639,584</u>	<u>\$4,726,872</u>	<u>\$4,000,000</u>	<u>\$ 23,128</u>	<u>\$41,389,584</u>

The aggregate values of Level 3 portfolio investments changed during the period from January 6, 2011 (date of inception) to September 30, 2011 as follows:

	Common Stock	Preferred Stock	Structured Note	Warrants	Total
Fair value as of January 6, 2011	\$ —	\$ —	\$ —	\$ —	\$ —
Purchases of investments	33,115,278	4,776,068	4,028,914	23,128	41,943,388
Change in unrealized depreciation included in earnings	(475,694)	(49,196)	(28,914)	—	(553,804)
Fair value as of September 30, 2011	<u>\$32,639,584</u>	<u>\$4,726,872</u>	<u>\$4,000,000</u>	<u>\$ 23,128</u>	<u>\$41,389,584</u>

During the period from January 6, 2011 (date of inception) to September 30, 2011, there were no transfers in or out of Level 3. Change in unrealized depreciation for the period for investments still held as of September 30, 2011, is \$553,804.

**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 September 30, 2011. The proceeds raised, the related underwriting fees, the offering expenses and the prices at which these shares were issued are as follows:

Issuances of Common Stock	Number of Shares	Gross Proceeds Raised	Underwriting Fees	Offering Expenses	Offering Price
February 28, 2011	100	\$ 1,500	\$ —	\$ —	\$ 15.00
April 28, 2011	3,335,000	50,025,000	3,501,750	527,166 <sup>(1)</sup>	15.00
September 27, 2011	1,900,000	26,885,000	1,102,000	—	14.15
September 27, 2011	285,000	4,032,750	165,300	550,000	14.15

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



**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 5 — NET DECREASE IN NET ASSETS PER COMMON SHARE**

The following information sets forth the computation of net decrease in net assets resulting from operations per common share for the three months ended September 30, 2011 as well as for the period from January 6, 2011 (date of inception) to September 30, 2011.

	For the three months ended September 30, 2011	For the period from January 6, 2011 (date of inception) to September 30, 2011
Net decrease in net assets resulting from operations	\$ (1,174,258)	\$ (1,910,005)
Weighted average common shares <sup>(1)</sup>	3,430,100	2,460,565
Net decrease in net assets resulting from operations per common share	<u>\$ (0.34)</u>	<u>\$ (0.78)</u>

(1) 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**

	For the three months ended September 30, 2011	For the period from January 6, 2011 (date of inception) to September 30, 2011
<b>Per Share Data<sup>(1)</sup>:</b>		
Net asset value at beginning of period	\$ 13.57	\$ —
Issuance of common shares	—	14.67 <sup>(2)</sup>
Accretion from offering	0.23	—
Underwriters' discount	(0.23)	(0.86)
Offering costs	(0.10)	(0.20)
Net investment loss	(0.12)	(0.25)
Change in unrealized depreciation	(0.09)	(0.10)
Net asset value at end of period	<u>\$ 13.26</u>	<u>\$ 13.26</u>
Per share market value at end of period	\$ 13.56	\$ 13.56
Total return based on market value <sup>(3)</sup>	(2.66)%	(9.60)%
Total return based on net asset value <sup>(3)</sup>	(2.28)%	(11.60)%
Shares outstanding at end of period	5,520,100	5,520,100

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 7 — FINANCIAL HIGHLIGHTS – (continued)**

<b>Ratio / Supplemental Data:</b>	<b>For the three months ended September 30, 2011</b>	<b>For the period from January 6, 2011 (date of inception) to September 30, 2011</b>
Net assets at end of period	\$73,188,030	\$73,188,030
Average net assets	45,046,867	32,432,765 <sup>(4)</sup>
Annualized ratio of gross operating expenses to average net assets <sup>(3)</sup>	6.49%	5.72%
Annualized ratio of net operating expenses to average net assets <sup>(3)</sup>	6.49%	5.72%
Annualized ratio of net investment income to average net assets <sup>(3)</sup>	(6.01)%	(5.49)%

- (1) Financial highlights are based on shares outstanding as of September 30, 2011.
- (2) Issuance of common shares is based on the weighted average offering price for the shares issued during the period.
- (3) 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.
- (4) 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, and for the period from January 6, 2011 (date of inception) to September 30, 2011, the Company incurred \$6,336 and \$198,831 of Organizational Expenses, which were deemed to be non-recurring. Average net assets for the period from January 6, 2011 (date of inception) to September 30, 2011, were calculated starting from the issuance of 100 shares on February 28, 2011.

**NOTE 8 — INCOME TAX**

The Company will elect to be treated for federal income tax purposes as a RIC. As a RIC, the Company generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends. In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment 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 filing of the federal income tax return for the prior year.

**NOTE 9 — SUBSEQUENT EVENTS**

Subsequent to September 30, 2011, the Company closed on investments of \$8.47 million, plus transaction costs as follows:

The Company closed on an investment of \$1,000,000, plus transaction costs, in Control 4, Inc., a home automation company headquartered in Salt Lake City, UT, on October 4, 2011.

The Company closed on an investment of \$2,000,000, plus transaction costs, in Grockit, Inc., an online test prep company headquartered in San Francisco, CA, on October 7, 2011.

The Company closed on an investment of \$1,593,000, plus transaction costs, in Twitter, Inc., a social communication company headquartered in San Francisco, CA, on October 21, 2011.

**GSV CAPITAL CORP.**  
**(formerly NeXt Innovation Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**  
**(Unaudited)**

**NOTE 9 — SUBSEQUENT EVENTS – (continued)**

On October 31, 2011, Groupon conducted a two-for-one stock split of its common stock, which has been reflected in the Schedule of Investments. On November 3, 2011, Groupon priced its initial public offering, selling 35,000,000 shares at a price of \$20.00 per share.

The Company closed on an investment of \$3,875,000, plus transaction costs, in Facebook, Inc., a social networking company headquartered in Palo Alto, CA, on November 8, 2011.

The Company is presently in the final stages of negotiations with a handful of private company investments that it anticipates entering into within the next 30 to 60 days, subject to applicable closing conditions. These equity investments may be made through the secondary market and involve making deposits in escrow accounts until certain conditions are met. Moreover, each underlying issuer has the right to terminate the deal before such conditions are satisfied. Pursuant to the terms of our agreements with each of these prospective issuers, at such time that these conditions are satisfied, the escrow accounts will close, and our equity investments will be effectuated. Subsequent to September 30, 2011, the Company made \$4.1 million in such escrow deposits of which \$0.2 million are currently outstanding and subject to applicable closing conditions.

**3,000,000 Shares**



# **GSV Capital Corp.**

**Common Stock**

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**PRELIMINARY PROSPECTUS**

**, 2012**

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**Citigroup**

Ladenburg Thalmann & Co. Inc.  
Lazard Capital Markets  
National Securities Corporation  
Aegis Capital Corp  
Maxim Group LLC

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[TABLE OF CONTENTS](#)

**PART C — OTHER INFORMATION**

**ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS**

*1. Financial Statements*

The following financial statements of GSV Capital Corp. (the “Registrant” or the “Company”) are included in Part A “Information Required to be in the Prospectus” of the Registration Statement.

**INDEX TO FINANCIAL STATEMENTS**

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">F-2</a>
<a href="#">Statement of Assets and Liabilities as of February 28, 2011</a>	<a href="#">F-3</a>
<a href="#">Notes to Statement of Assets and Liabilities</a>	<a href="#">F-4</a>
<a href="#">Statements of Assets and Liabilities as of September 30, 2011 (unaudited)</a>	<a href="#">F-7</a>
<a href="#">Statement of Operations for the three months ended September 30, 2011 and for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-8</a>
<a href="#">Statement of Changes in Net Assets for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-9</a>
<a href="#">Statement of Cash Flows for the period from January 6, 2011 (Date of Inception) to September 30, 2011 (unaudited)</a>	<a href="#">F-10</a>
<a href="#">Schedule of Investments as of September 30, 2011 (unaudited)</a>	<a href="#">F-11</a>
<a href="#">Notes to the Financial Statements as of September 30, 2011 (unaudited)</a>	<a href="#">F-13</a>

*2. Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
a.1	Amended and Restated Articles of Incorporation*
a.2	Articles of Amendment**
b.	Bylaws*
d.1	Form of Common Stock Certificate****
e.	Dividend Reinvestment Plan*
g.	Form of Investment Advisory Agreement by and between Registrant and GSV Asset Management, LLC*
h.	Form of Underwriting Agreement
j.	Form of Custodian Agreement***
k.1	Form of Administration Agreement by and between Registrant and GSV Capital Service Company, LLC*
k.2	Form of Indemnification Agreement by and between Registrant and each of its directors*
k.3	Form of Trademark License Agreement by and between the Registrant and GSV Asset Management, LLC**
l.	Opinion of Sutherland Asbill & Brennan LLP
n.1	Consent of Sutherland Asbill & Brennan LLP (Incorporated by reference to exhibit l hereto)
n.2	Consent of Grant Thornton LLP
r.	Code of Ethics*

\* 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, and incorporated by reference herein.

\*\* Previously filed in connection with the Registrant’s Current Report on Form 8-K (File No. 814-00852), filed on June 1, 2011, and incorporated by reference herein.

\*\*\* Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant’s Registration Statement on Form N-2 (File No. 333-171578), filed on April 15, 2011, and incorporated by reference herein.

\*\*\*\* Previously filed in connection with Pre-Effective Amendment No. 3 to the Registrant’s Registration Statement on Form N-2 (File No. 333-175655) filed on September 20, 2011, and incorporated by reference herein.

[TABLE OF CONTENTS](#)

**ITEM 26. MARKETING ARRANGEMENTS**

The information contained under the heading “Underwriting” on this Registration Statement is incorporated herein by reference.

**ITEM 27. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

SEC registration fee	\$	7,414
FINRA filing fee	\$	6,970
NASDAQ Capital Market	\$	10,000
Printing and postage	\$	50,000
Legal fees and expenses	\$	300,000
Accounting fees and expenses	\$	97,000
Sales and Marketing	\$	78,616
Total	\$	550,000

Note: All listed amounts are estimates.

**ITEM 28. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL**

See “Management,” “Certain Relationships and Transactions” and “Control Persons and Principal Stockholders” in the Prospectus contained herein.

**ITEM 29. NUMBER OF HOLDERS OF SECURITIES**

The following table sets forth the number of record holders of the Registrant’s common stock at February 8, 2012:

Title of Class	Number of Record Holders
Common Stock, par value \$0.01 per share	81

**ITEM 30. INDEMNIFICATION**

**Directors and Officers**

Reference is made to Section 2-418 of the Maryland General Corporation Law, Article VII of the Registrant’s charter and Article XI of the Registrant’s Amended and Restated Bylaws.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Registrant’s charter contains such a provision which eliminates directors’ and officers’ liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act of 1940, as amended (the “1940 Act”).

The Registrant’s charter authorizes the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as the Registrant’s director or officer and at the Registrant’s request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The Registrant’s bylaws obligate the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as the Registrant’s director or officer and at the Registrant’s request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to

## TABLE OF CONTENTS

bemade, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit the Registrant to indemnify and advance expenses to any person who served a predecessor of the Registrant in any of the capacities described above and any of the Registrant's employees or agents or any employees or agents of the Registrant's predecessor. In accordance with the 1940 Act, the Registrant will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which the Registrant's charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either case, a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

### **Adviser and Administrator**

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GSV Asset Management, LLC (the "investment adviser") and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of the investment adviser's services under the Investment Advisory Agreement or otherwise as an investment adviser of the Registrant.

The Administration Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GSV Capital Service Company, LLC and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of GSV Capital Service Company, LLC's services under the Administration Agreement or otherwise as administrator for the Registrant.

The law also provides for comparable indemnification for corporate officers and agents. Insofar as indemnification for liability arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the

## TABLE OF CONTENTS

matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Registrant has entered into indemnification agreements with its directors. The indemnification agreements are intended to provide the Registrant's directors the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that the Registrant shall indemnify the director who is a party to the agreement (an "Indemnitee"), including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, other than a proceeding by or in the right of the Registrant.

### **ITEM 31. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER**

A description of any other business, profession, vocation, or employment of a substantial nature in which the investment adviser, and each managing director, director or executive officer of the investment adviser, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled "Management — Board of Directors," "Investment Advisory Agreement" and "Portfolio Management — Investment Personnel." Additional information regarding the investment adviser and its officers and directors will be set forth in its Form ADV, as filed with the Securities and Exchange Commission (SEC File No. 801-71749), under the Investment Advisers Act of 1940, as amended, and is incorporated herein by reference.

### **ITEM 32. LOCATION OF ACCOUNTS AND RECORDS**

All accounts, books, and other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules thereunder are maintained at the offices of:

- (1) the Registrant, GSV Capital Corp., 2965 Woodside Road, Woodside, CA 94062;
- (2) the Transfer Agent, American Stock Transfer & Trust Company, 59 Maiden Lane, New York, NY 10038;
- (3) the Custodian, U.S. Bank National Association, One Federal Street, Boston, MA, 02110; and
- (4) the investment adviser, GSV Asset Management, LLC, 2965 Woodside Road, Woodside, CA 94062.

### **ITEM 33. MANAGEMENT SERVICES**

Not applicable.

### **ITEM 34. UNDERTAKINGS**

- (1) Registrant undertakes to suspend the offering of the shares of common stock covered hereby until it amends its prospectus contained herein if (a) subsequent to the effective date of this Registration Statement, its net asset value per share of common stock declines more than 10% from its net asset value per share of common stock as of the effective date of this Registration Statement, or (b) its net asset value increases to an amount greater than its net proceeds as stated in the prospectus contained herein.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Registrant undertakes that:
  - (a) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 497(h) under the Securities Act of 1933, as amended, shall be deemed to be part of this Registration Statement as of the time it was declared effective.



TABLE OF CONTENTS

- (b) For purposes of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.
- (6) Not applicable.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Woodside, in the State of California, on the 9<sup>th</sup> day of February, 2012.

GSV CAPITAL CORP.

By: /s/ Michael T. Moe

\_\_\_\_\_  
Michael T. Moe  
President, Chief Executive Officer and  
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement on Form N-2 has been signed by the following persons on behalf of the Registrant, and in the capacities indicated, on the 9<sup>th</sup> day of February, 2012.

<u>Signature</u>	<u>Title</u>
/s/ Michael T. Moe	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
Michael T. Moe	Chief Financial Officer, Chief Compliance Officer, Treasurer and Corporate Secretary (Principal Financial and Accounting Officer)
/s/ Stephen D. Bard	
Stephen D. Bard	Director
*	
Mark D. Klein	Director
*	
Leonard A. Potter	Director
*	
Mark W. Flynn	Director
*	
R. David Spreng	

\* Signed by Michael T. Moe pursuant to a power of attorney signed by each individual and filed with this Registration Statement on January 6, 2012.

[·] Shares

**GSV CAPITAL CORP.**

**Common Stock, \$0.01 par value per Share**

**UNDERWRITING AGREEMENT**

[ ], 2012

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Citigroup Global Markets Inc.  
As Representative of the several  
Underwriters named in Schedule I attached hereto,  
388 Greenwich Street  
New York, New York 10013

Ladies and Gentlemen:

GSV Capital Corp., a corporation incorporated under the laws of the State of Maryland (the “**Fund**”), is a non-diversified closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The Fund proposes to issue and sell to the several Underwriters named in Schedule I hereto (the “**Underwriters**”) [-] shares of common stock, \$0.01 par value per share (the “**Firm Shares**”). The Fund also proposes to sell to the several Underwriters not more than an additional [-] shares of common stock, \$0.01 par value per share (the “**Additional Shares**”) if and to the extent that Citigroup Global Markets Inc., as the representative of the Underwriters named in Schedule I attached hereto (the “**Representative**”), shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares granted to the Underwriters in Section 3 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the “**Shares**.” The common stock, \$0.01 par value per share, of the Fund is hereinafter referred to as the “**Common Stock**.”

GSV Asset Management, LLC, a Delaware limited liability company (the “**Investment Adviser**”), acts as the Fund’s investment adviser pursuant to an Investment Advisory Agreement, dated April 11, 2011, between the Investment Adviser and the Fund (the “**Investment Advisory Agreement**”). GSV Capital Service Company, LLC, a Delaware limited liability company (the “**Administrator**”), acts as the Fund’s administrator pursuant to an Administration Agreement, dated April 11, 2011, between the Administrator and the Fund (the “**Administration Agreement**”, and together with the Investment Advisory Agreement, the “**Fund Agreements**”).

The Investment Company Act and the Securities Act of 1933 Act, as amended (the “**Securities Act**”) are hereinafter referred to collectively as the “**Acts**,” and the rules and regulations of the Commission under the Acts and under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) are hereinafter referred to collectively as the “**Rules and Regulations**.”

The Fund filed with the Securities and Exchange Commission (the “**Commission**”) a notification of intention to elect to be regulated as a business development company under the Investment Company Act on Form N-6F (File No. 814-00852) (the “**Notification of Intent**”) on January 7, 2011, and a notification of election to be regulated as a business development company under the Investment Company Act on Form N-54A (File No. 814-00852) (the “**Notification of Election**”) on March 27, 2011. In addition, the Fund has prepared and filed a registration statement on Form N-2 (File No. 333-[·]) with the Commission, including a related preliminary prospectus, for registration of the offer and sale of the Shares under the Securities Act, which registration statement was declared effective by the Commission on [ ], 2012. Such registration statement, as amended as of the Applicable Time (as defined below), including exhibits and financial statements and any prospectus supplement relating to the Shares that is filed with the Commission pursuant to Rule 497 of the Rules and Regulations (“**Rule 497**”) and deemed part of such registration statement as of its effective date pursuant to Rule 430A of the Rules and Regulations (“**Rule 430A**”), and, in the event any post-effective amendment thereto or any registration statement filed pursuant to Rule 462(b) under the Securities Act (a “**Rule 462(b) Registration Statement**”) becomes effective prior to the Closing Date (as defined below) (and, if any Additional Shares are purchased, at the Option Closing Date (as defined below)), such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be, is hereinafter referred to as the “**Registration Statement**.” The preliminary prospectus, dated as of [ ], 2012, which was included in the Registration Statement as of the date and time it became effective under the Securities Act, is hereinafter referred to as the “**Preliminary Prospectus**.” The final prospectus, dated as of [ ], 2012 to be filed with the Commission pursuant to Rule 497 and which shall contain the pricing and related information permitted to be omitted from the Registration Statement as of its effective date in accordance with Rule 430A (the “**Rule 430A Information**”), is hereinafter referred to as the “**Prospectus**,” except that if any revised prospectus or prospectus supplement shall be provided to the Underwriters by the Fund for use in connection with the sale of the Shares which differs from the Prospectus, the term “Prospectus” shall also refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to the Underwriters for such use. All references in this underwriting agreement (this “**Agreement**”) to the Registration Statement, the Rule 462(b) Registration Statement, a Preliminary Prospectus and the Prospectus, or any amendments or supplements to any of the foregoing shall be deemed to include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System (“**EDGAR**”) system.

For purposes of this Agreement, “**Omitting Prospectus**” means any written advertisement used with the written consent of the Fund in the public offering of the Shares and filed with the Commission pursuant to Rule 482 of the Rules and Regulations (“**Rule 482**”). “**Time of Sale Prospectus**” means, as of the Applicable Time (as defined below), the Preliminary Prospectus, together with the information set forth on Schedule II hereto (which information the Underwriters have informed the Fund is being conveyed orally by the Underwriters to prospective purchasers at or prior to the Underwriters’ confirmation of sales of the Shares in the offering). As used herein, the terms “Registration Statement,” “Preliminary Prospectus,” “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein.

“**Applicable Time**” means [-] P.M. (Eastern Time) on [-], 2012 or such other time as agreed by the Fund and the Representative.

1. Representations and Warranties.

*Representations and Warranties of the Fund.* The Fund represents and warrants to each of the Underwriters as of the date hereof, the Applicable Time and the Closing Date as follows:

(a) The Registration Statement has been filed with, and declared effective by, the Commission; no notice of objection of the Commission to the use of such Registration Statement or any post-effective amendment thereto has been received by the Fund; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the knowledge of the Fund, threatened by the Commission. The Preliminary Prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical in all material respects to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T. If a Rule 462(b) Registration Statement is required in connection with the offering and sale of the Shares, the Fund has complied or will comply with the requirements of Rule 111 of the Rules and Regulations relating to the payment of filing fees thereof. At the time of filing the Registration Statement, any 462(b) Registration Statement and any post-effective amendments thereto, and at the date hereof, the Fund was not and is not an “ineligible issuer,” as defined in Rule 405 of the Rules and Regulations.

(b) At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto became effective and at the Closing Date (and, if any Additional Shares are purchased, at the Option Closing Date), the Registration Statement, any post-effective amendment thereto, and any Rule 462(b) Registration Statement complied and will comply in all material respects with the requirements of the Securities Act and the Rules and Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendment or supplement thereto, as of the respective dates thereof and at the Closing Date (and, if any Additional Shares are purchased, at the Option Closing Date), contained or will contain an untrue statement of a material fact or omitted or will omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Time of Sale Prospectus, at the Applicable Time, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties in this paragraph do not apply to statements in or omissions from the Registration Statement, the Time of Sale Prospectus or the Prospectus made solely in reliance upon and in conformity with the Underwriter Information.

(c) The Notification of Intent was filed with the Commission on January 7, 2011 under the Investment Company Act and the Notification of Election was filed with the Commission on April 27, 2011 under the Investment Company Act.

(d) The Fund has been duly incorporated and is validly existing in good standing as a corporation under the laws of the State of Maryland. The Fund has full power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and enter into this Agreement and the other Fund Agreements and is in good standing and is duly qualified to transact business in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect on the condition, financial or otherwise, or on the earnings, business or operations of the Fund (a “**Fund Material Adverse Effect**”). The Fund has no subsidiaries, as such term is defined under Rule 405 of the Securities Act, other than such subsidiaries that are “portfolio companies” for the purposes of Item 6.a of Part A of Form N-2.

(e) The Fund has duly elected to be treated by the Commission under the Investment Company Act as a “business development company” (the “**BDC Election**”) and the Fund has not filed with the Commission any notice of withdrawal of the BDC Election pursuant to Section 54(c) of the Investment Company Act, and no order of suspension or revocation of such BDC Election has been issued or proceedings therefor initiated or, to the knowledge of the Fund, threatened by the Commission.

(f) The Fund is, and at all times through the completion of the transactions contemplated hereby will be, in compliance in all material respects with the applicable terms and conditions of the Act, the Investment Company Act, the Exchange Act and the Rules and Regulations. No person is serving or acting as an officer or director of, or investment adviser to, the Fund except in accordance with the provisions of the Investment Company Act and the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Except as otherwise disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, to the knowledge of the Fund, based on information provided to the Fund by directors of the Fund, no director of the Fund is an “interested person” of the Fund or an “affiliated person” of any Underwriter (each as defined in the Investment Company Act).

(g) The Fund intends to direct the investment of the proceeds of the offering described in the Time of Sale Prospectus and Prospectus in such a manner as to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (“**Subchapter M of the Code**” and the “**Code**,” respectively).

(h) The Fund has filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or has requested extensions thereof (except where the failure to file would not, individually or in the aggregate, have a Fund Material Adverse Effect) and has paid all taxes required to be paid (except for cases in which the failure to file or pay would not have a Fund Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Fund), and no tax deficiency has been determined adversely to the Fund which is reasonably expected to have (nor does the Fund have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Fund and which could reasonably be expected to have) a Fund Material Adverse Effect.

(i) Each of this Agreement and the Fund Agreements has been duly authorized by the Fund. Each Fund Agreement complies with all applicable provisions of the Acts, the Advisers Act and the applicable Rules and Regulations. The Fund has adopted a Dividend Reinvestment Plan (the “**Plan**”). Each Fund Agreement has been duly executed and delivered by the Fund and represents a valid and binding agreement of the Fund, enforceable against the Fund in accordance with its terms, except (a) as rights to indemnity and contribution may be limited by federal or state securities laws or principles of public policy and subject to the qualification that the enforceability of the Fund’s obligations thereunder may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors’ rights generally and by general equitable principles whether enforcement is considered in a proceeding in equity or at law, and (b) in the case of the Investment Advisory Agreement, with respect to termination under the Investment Company Act or the reasonableness or fairness of compensation payable thereunder.



(j) None of (1) the execution and delivery by the Fund of, and the performance by the Fund of its obligations under, this Agreement and each Fund Agreement, or (2) the issue and sale by the Fund of the Shares as contemplated by this Agreement conflicts with or will conflict with, result in, or constitute a violation, breach of, default under, (x) the articles of incorporation of the Fund, as amended to date (the “**Charter**”) or the bylaws of the Fund, as amended to date (the “**Bylaws**”) (y) any agreement, indenture, note, bond, license, lease or other instrument or obligation binding upon the Fund, or (z) any law, rule or regulation applicable to the Fund or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Fund, whether foreign or domestic; except, with respect to clauses (y) or (z), where such conflict, violation, breach or default would not, individually or in the aggregate, have (i) a Fund Material Adverse Effect or (ii) a material adverse effect on the Fund’s power or ability to consummate the transactions contemplated by this Agreement.

(k) No consent, approval, authorization, order or permit of, license from, or qualification with, any governmental body, agency or authority, self-regulatory organization or court or other tribunal, whether foreign or domestic, is required to be obtained by the Fund prior to the Closing Date for the performance by the Fund of its obligations under this Agreement or the Fund Agreements, except for (A) such as have been obtained and as may be required by (i) the Acts, the Advisers Act, the Exchange Act, or the applicable Rules and Regulations, (ii) the rules and regulations of the Financial Industry Regulatory Authority (“**FINRA**”) or the Nasdaq Stock Market (“**Nasdaq**”), (iii) by the securities or “blue sky laws” of the various states and foreign jurisdictions in connection with the offer and sale of the Shares and (B) where the failure to obtain any of the foregoing would not, individually or in the aggregate, have (i) a Fund Material Adverse Effect or (ii) a material adverse effect on the Fund’s power or ability to consummate the transactions contemplated by this Agreement.

(l) The authorized, issued and outstanding capital stock of the Fund conforms in all material respects to the description thereof under the heading “Description of Securities” in each of the Time of Sale Prospectus and the Prospectus, and this Agreement, the Charter, the Bylaws, the Fund Agreements and the Plan conform in all material respects to the descriptions thereof contained in each of the Time of Sale Prospectus and the Prospectus.

(m) This Agreement, the Charter and the Bylaws, the Fund Agreements and the Plan comply with all applicable provisions of the Acts and the applicable Rules and Regulations, and all approvals of such documents required under the Investment Company Act by the Fund’s shareholders and Board of Directors have been obtained and are in full force and effect.

(n) The Fund Agreements are in full force and effect and neither the Fund nor, to the knowledge of the Fund, any other party to any such agreement is in default thereunder, and no event has occurred which with the passage of time or the giving of notice or both would constitute a default by the Fund thereunder. The Fund is not currently in breach of, or in default under, any other written agreement or instrument to which it or its property is bound or affected, except for such breaches and defaults as would not, individually or in the aggregate, have (i) a Fund Material Adverse Effect or (ii) a material adverse effect on the Fund's power or ability to consummate the transactions contemplated by this Agreement.

(o) All shares of Common Stock outstanding prior to the issuance of the Firm Shares have been duly authorized and are validly issued, fully paid and non-assessable and have been sold in compliance with all applicable laws. None of the outstanding shares of Common Stock of the Fund was issued in violation of the preemptive or other similar rights of any securityholder of the Fund. Other than as contemplated in the Time of Sale Prospectus and the Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Fund are outstanding.

(p) The Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of the Shares will not be subject to any preemptive or similar rights. The Common Stock (including the Shares) conform to the description thereof under the heading "Description of Securities" contained in the Time of Sale Prospectus and the Prospectus and such description conforms in all material respects to the rights set forth in the instruments defining the same.

(q) The Shares have been approved for listing on the Nasdaq Capital Market, subject to official notice of issuance. The Company is not presently in violation of the Nasdaq Listing Rules, as set forth in Rules 5000-5999 of the Nasdaq Stock Market Rules, except for such violations as would not, individually or in the aggregate, have (i) a Fund Material Adverse Effect or (ii) a material adverse effect on the Fund's power or ability to consummate the transactions contemplated by this Agreement.

(r) Each Omitting Prospectus (i) complies in all material respects with the requirements of Rule 482, (ii) does not contain an untrue statement of a material fact and (iii) complied and will comply in all material respects with the Acts, the Rules and Regulations and the rules and regulations of the FINRA. Except for the Omitting Prospectuses identified on Schedule III hereto, the Fund has not prepared, used or referred to and will not, without your prior consent, prepare, use or refer to any Omitting Prospectus.

(s) There has not occurred any material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Fund from that set forth in the Time of Sale Prospectus, taken as a whole, and there have been no transactions entered into by the Fund which are material to the Fund other than those in the ordinary course of its business or as described in the Time of Sale Prospectus.

(t) There are no legal or governmental proceedings pending or, to the knowledge of the Fund, threatened to which the Fund is a party or to which any of the properties of the Fund is subject (i) other than proceedings accurately described in all material respects in the Time of Sale Prospectus and proceedings that would not, individually or in the aggregate, have a material adverse effect on the Fund, or on the power or ability of the Fund to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (ii) that are required to be described in the Registration Statement, the Time of Sale Prospectuses or the Prospectus and are not so described.

(u) The statements in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the headings “Summary – Operating and Regulatory Structure”, “Investment Advisory Agreement”, “Administration Agreement”, “Regulation as a Business Development Company”, “Dividend Reinvestment Plan”, “Material U.S. Federal Income Tax Considerations” and “Description of Securities” are accurate and fair summaries of the legal matters, agreements, documents and proceedings discussed therein.

(v) The Fund has all necessary consents, authorizations, approvals, orders (including exemptive orders), licenses, certificates, permits, qualifications and registrations of and from, and has made all declarations and filings with, all governmental authorities, self-regulatory organizations and courts and other tribunals, whether foreign or domestic, to own and use its assets and to conduct its business in the manner described in the Time of Sale Prospectus and the Prospectus, except where the failure to obtain or file the foregoing would not, individually or in the aggregate, have in a Fund Material Adverse Effect.

(w) Each of the Preliminary Prospectus and the Prospectus, as of the respective dates thereof, and the Time of Sale Prospectus, as of the Applicable Time, complied in all material respects with the Securities Act and the applicable Rules and Regulations.

(x) When the Notification of Election and any amendment or supplement thereto were filed with the Commission, it (i) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Investment Company Act and the Investment Company Act Rules and Regulations, as applicable to business development companies, and (ii) did not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading. The Fund has duly elected to be treated by the Commission under the Investment Company Act as a “business development company” (the “**BDC Election**”) and the Fund has not filed with the Commission any notice of withdrawal of the BDC Election pursuant to Section 54(c) of the Investment Company Act. The BDC Election is effective, and no order of suspension or revocation of such election has been issued or proceedings therefor initiated or, to the Fund’s knowledge, threatened by the Commission.

(y) Except as otherwise contemplated in the Time of Sale Prospectus and the Prospectus, the schedule of investments included in the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related notes thereto (collectively, the “**Fund Financial Statements**”), present fairly the financial condition of the Fund as of the date indicated and said Fund Financial Statements comply as to form with the requirements of Regulation S-X under the Securities Act and have been prepared in conformity with generally accepted accounting principles (“**GAAP**”). The supporting schedules to such Fund Financial Statements, if any, present fairly in accordance with GAAP the information required to be stated therein. Grant Thornton LLP, whose report appears in the Time of Sale Prospectus and the Prospectus and who have certified the Fund Financial Statements and supporting schedules, if any, included in the Registration Statement, is an independent registered public accounting firm as required by the Acts and the applicable Rules and Regulations.

(z) There are no material restrictions, limitations or regulations with respect to the ability of the Fund to invest its assets as described in the Time of Sale Prospectus and the Prospectus, other than as described therein.

(aa) Neither the Fund nor any of its agents or representatives (other than the Underwriters in their capacity as such) has prepared, made, used, authorized, approved or referred to any written communication that constitutes an offer to sell or solicitation of an offer to buy the Shares other than (i) the Registration Statement, the Preliminary Prospectus and the Prospectus, and any amendment or supplement to any of the foregoing, and (ii) the Omitting Prospectuses, if any, identified on Schedule III hereto. All other promotional material (including “road show slides” or “road show scripts”) prepared, expressly approved or used by the Fund, the Investment Adviser or the Administrator for use in connection with the offering and sale of the Shares (“**Road Show Material**”) is not inconsistent with the Registration Statement, the Preliminary Prospectus or the Prospectus, and when taken together with the Time of Sale Prospectus, at the Applicable Time, did not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(bb) There are no contracts, agreements or understandings between the Fund and any person granting such person the right to require the Fund to file a registration statement under the Securities Act with respect to any securities of the Fund or to require the Fund to include such securities with the Shares registered pursuant to the Registration Statement.

(cc) The expense summary information set forth in the Time of Sale Prospectus and the Prospectus in the “Fees and Expenses” Table has been prepared in accordance with the requirements of Form N-2 and any fee projections or estimates, if applicable, are reasonably based and comply in all material respects with the requirements of Form N-2.

(dd) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Fund has not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Fund has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock, other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Fund, except in each case as contemplated in the Registration Statement, the Time of Sale Prospectus and the Prospectus, respectively.

(ee) The Fund owns or possesses, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by it, and the Fund has not received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Fund.

(ff) The Fund maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations and with the applicable requirements of the Acts; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability and compliance with the books and records requirements under the Acts; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the date of the Fund's most recent audited financial statements included in the Prospectus, there has been (i) no material weakness in the Fund's internal control over financial reporting (whether or not remediated) and (ii) no change in the Fund's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

(gg) The Fund maintains "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Rules and Regulations); such disclosure controls and procedures are effective; and the Fund is not aware of any material weakness in such controls and procedures.

(hh) Neither the Fund nor, to the knowledge of the Fund, any employee nor agent of the Fund has made any payment of funds of the Fund or received or retained any funds, which payment, receipt or retention is of a character to be disclosed in the Registration Statement, the Time of Sale Prospectus or the Prospectus.

(ii) Any statistical and market-related data included in the Registration Statement, the Time of Sale Prospectus and the Prospectus are based on or derived from sources that the Fund believes to be reliable and accurate.

(jj) The Fund has obtained for the benefit of the Underwriters the agreement (a "**Lock-Up Agreement**"), in the form requested by the Representative, from each of the Fund's officers and directors.

(kk) There are no contracts or documents which are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus (or the documents incorporated by reference therein) or to be filed as exhibits thereto by the Securities Act or by the Rules and Regulations which have not been so described and filed as required.

(ll) The operations of the Fund are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Fund with respect to the Money Laundering Laws is pending or, to the knowledge of the Fund, threatened.

(mm) Neither the Fund, the Adviser nor the Administrator nor, to the knowledge of the Fund, any director, officer, agent, employee or affiliate of the Fund, the Adviser or the Administrator is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (“**FCPA**”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Fund, the Adviser or the Administrator, and to the knowledge of the Fund, the Adviser or the Administrator, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(nn) Neither the Fund, the Adviser or the Administrator nor, to the knowledge of the Fund, any director, officer, agent, employee or affiliate of the Fund, the Adviser or the Administrator is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“**OFAC**”) and neither the Fund, the Adviser or the Administrator will directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(oo) The Fund is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged; all policies of insurance insuring the Fund or its business, assets, employees, officers and directors, including the Fund’s directors and officers errors and omissions insurance policy and its fidelity bond required by Rule 17g-1 of the Rules and Regulations, are in full force and effect the Fund is in compliance with the terms of such policies and fidelity bond in all material respects; and there are no claims by the Fund under any such policies or fidelity bond as to which any insurance company is denying liability or defending under a reservation of rights clause; the Fund has not been refused any insurance coverage sought or applied for; and the Fund has no reason to believe that it will not be able to renew its existing insurance coverage and fidelity bond as and then such coverage and fidelity bond expires or to obtain similar coverage and fidelity bond from similar insurers as may be necessary to continue its business at a cost that would not result in a Fund Material Adverse Effect, except as set forth in or contemplated in the Registration Statement, the Time of Sale Prospectus and the Prospectus (exclusive of any supplement thereto).

(pp) Except as set forth in or contemplated in the Preliminary Prospectus and the Prospectus, the Fund (i) does not have any material lending or other relationship with any bank or lending affiliate of the Representative (the description of such arrangements and outstanding indebtedness thereunder is true, accurate and complete in all respects) and (ii) does not intend to use any of the proceeds from the sale of the Shares hereunder to repay any outstanding debt owed to any affiliate of the Representative.

(qq) There are no business relationships or related-party transactions involving the Fund or any other person required to be described in the Registration Statement, the Preliminary Prospectus or the Prospectus which have not been described as required, it being understood and agreed that the Fund, the Investment Adviser and the Administrator make no representation or warranty with respect to such relationships involving any Underwriter or any affiliate and any other person that have not been disclosed to the Fund by the relevant Underwriter in connection with this offering.

(rr) None of the Fund, the Investment Adviser, the Administrator nor any of their affiliates has taken, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Shares.

(ss) The Fund owns, leases or has rights to use all such properties as are necessary to the conduct of its operations as presently conducted.

(tt) No director or officer of the Fund or Investment Adviser is subject to any non-competition agreement or non-solicitation agreement with any employer or prior employer which could materially affect his ability to be and act in his respective capacity of the Fund or Investment Adviser or have a material adverse effect on the Fund.

(uu) The Fund has not been advised that it is not conducting its business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not, individually or in the aggregate, have a Fund Material Adverse Effect.



Any certificate signed by or on behalf of the Fund and delivered to the Representative or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to a representation and warranty by the Fund as to the matters covered therein to each Underwriter.

2. *Representations and Warranties of the Investment Adviser and the Administrator.* The Investment Adviser and the Administrator represent and warrant to and agree with each of the Underwriters as of the date hereof as follows:

(a) Each of the Investment Adviser and the Administrator has been duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, with the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and enter into this Agreement and the other Fund Agreements to which the Investment Adviser or the Administrator is a party, as the case may be, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the condition, financial or otherwise, or on the earnings, business or operations of the Investment Adviser or the Administrator, as the case may be (an “**Adviser/Administrator Material Adverse Effect**”). Each of the Investment Adviser and Administrator has no subsidiaries.

(b) The Investment Adviser is duly registered as an investment adviser under the Advisers Act, and is not prohibited by the Advisers Act or the Investment Company Act from acting under the Investment Advisory Agreement as an investment adviser to the Fund as contemplated by the Registration Statement, the Time of Sale Prospectus and the Prospectus, and no order of suspension or revocation of such registration has been issued or proceedings therefor initiated or, to the knowledge of the Investment Adviser, threatened by the Commission.

(c) Each of this Agreement and the Fund Agreements to which the Investment Adviser or the Administrator is a party, as the case may be, has been duly authorized by the Investment Adviser and/or the Administrator, as applicable. Each Fund Agreement to which the Investment Adviser or the Administrator is a party, complies with the applicable provisions of the Acts, the Advisers Act and the applicable Rules and Regulations. Each Fund Agreement to which the Investment Adviser or the Administrator is a party has been duly executed and delivered by the Investment Adviser or the Administrator, as applicable and represents a valid and binding agreement of the Investment Adviser or the Administrator, as applicable, enforceable against the Investment Adviser or the Administrator, as applicable, in accordance with its terms, except (a) as rights to indemnity and contribution may be limited by federal or state securities laws or principles of public policy and subject to the qualification that the enforceability of the Investment Adviser’s or the Administrator’s obligations thereunder, as applicable, may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors’ rights generally and by general equitable principles whether enforcement is considered in a proceeding in equity or at law, and (b) in the case of the Investment Advisory Agreement, with respect to termination under the Investment Company Act or the reasonableness or fairness of compensation payable thereunder.

(d) The execution and delivery by the Investment Adviser and/or the Administrator, as applicable, of, and the performance by the Investment Adviser and/or the Administrator, as applicable, of its obligations under, this Agreement and each Fund Agreement to which the Investment Adviser or the Administrator is a party, respectively, does not conflict with or will conflict with, result in, or constitute a violation, breach of, default under, (x) the limited liability company operating agreement of the Investment Adviser and/or the Administrator, as applicable (y) any agreement, indenture, note, bond, license, lease or other instrument or obligation binding upon the Investment Adviser and/or the Administrator, as applicable, or (z) any law, rule or regulation applicable to the Investment Adviser and/or the Administrator, as applicable, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Investment Adviser and/or the Administrator, whether foreign or domestic; except, with respect to clauses (y) or (z), where such conflict, violation, breach or default would not, individually or in the aggregate, have (i) an Adviser/Administrator Material Adverse Effect or (ii) a material adverse effect on the power or ability of the Investment Adviser or Administrator to consummate the transactions contemplated by this Agreement.

(e) No consent, approval, authorization, order or permit of, license from, or qualification or registration with any governmental body, agency or authority, self-regulatory organization or court or other tribunal, whether foreign or domestic, is required to be obtained by the Investment Adviser and/or the Administrator, as applicable, prior to the Closing Date for the performance by the Investment Adviser and/or the Administrator, as applicable, of its obligations under this Agreement or any Fund Agreement to which it is a party, except for (A) such as have been obtained and as may be required by (i) the Acts, the Advisers Act, the Exchange Act, or the applicable Rules and Regulations, (ii) the rules and regulations of the FINRA or Nasdaq, (iii) by the securities or "blue sky laws" of the various states and foreign jurisdictions in connection with the offer and sale of the Shares or (B) such as which the failure to obtain would not, individually or in the aggregate, have Adviser/Administrator Material Adverse Effect or (ii) material adverse effect on the power or ability of the Investment Adviser or Administrator to consummate the transactions contemplated by this Agreement.

(f) There are no legal or governmental proceedings pending or, to the knowledge of the Investment Adviser and the Administrator, threatened to which the Investment Adviser and/or the Administrator is a party or to which any of the properties of the Investment Adviser and/or the Administrator is subject (i) other than proceedings accurately described in all material respects in the Time of Sale Prospectus and proceedings that would not have a material adverse effect on the Investment Adviser and/or the Administrator, as applicable, or on the power or ability of the Investment Adviser and/or the Administrator, as applicable, to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (ii) that are required to be described in the Registration Statement, the Time of Sale Prospectuses or the Prospectus and are not so described.

(g) There are no contracts or documents which are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus (or the documents incorporated by reference therein) or to be filed as exhibits thereto by the Securities Act or by the Rules and Regulations which have not been so described and filed as required.

(h) Each of the Investment Adviser and the Administrator has all necessary consents, authorizations, approvals, orders (including exemptive orders), licenses, certificates, permits, qualifications and registrations of and from, and has made all declarations and filings with, all governmental authorities, self-regulatory organizations and courts and other tribunals, whether foreign or domestic, to own and use its assets and to conduct its business in the manner described in the Time of Sale Prospectus and the Prospectus, except to the extent that the failure to obtain or file the foregoing would not result in an Adviser/Administrator Material Adverse Effect.

(i) Each of the Investment Adviser and Administrator has the financial resources available to it necessary for the performance of its services and obligations as contemplated in the Time of Sale Prospectus and by this Agreement and each Fund Agreement to which it is a party.

(j) The Investment Advisory Agreement is in full force and effect and neither the Investment Adviser nor, to the knowledge of the Investment Adviser, any other party to the Investment Advisory Agreement is in default thereunder, and, no event has occurred which with the passage of time or the giving of notice or both would constitute a default by the Investment Adviser under such document.

(k) All information furnished by the Investment Adviser for use in the Registration Statement, the Time of Sale Prospectus and Prospectus, including, without limitation, the description of the Investment Adviser (the “**Investment Adviser Information**”) does not, and on the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make such information not misleading (in the case of the Time of Sale Prospectus and the Prospectus, in light of the circumstances under which such information is provided).

(l) There has not occurred any material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Investment Adviser from that set forth in the Time of Sale Prospectus, taken as a whole, and there have been no transactions entered into by the Investment Adviser which are material to the Investment Adviser other than those in the ordinary course of its business or as described in the Time of Sale Prospectus.

(m) Neither the Investment Adviser nor the Administrator, nor any of their affiliates, has taken, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Shares.

(n) The operations of the Investment Adviser and the Administrator are and have been conducted at all times in compliance with applicable Money Laundering Laws and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Investment Adviser or the Administrator with respect to the Money Laundering Laws is pending or, to the knowledge of the Investment Adviser or the Administrator, threatened.

(o) The Investment Adviser maintains a system of internal controls sufficient to provide reasonable assurance that (i) transactions effectuated by it under the Investment Advisory Agreement are executed in accordance with its management’s general or specific authorization and (ii) access to the Fund’s assets is permitted only in accordance with its management’s general or specific authorization.

(p) The Administrator maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions for which it has bookkeeping and record keeping responsibility for under the Administration Agreement are recorded as necessary to permit preparation of the Fund’s financial statements in conformity with GAAP and to maintain accountability for the Fund’s assets and (ii) the recorded accountability for such assets if compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Any certificate signed by or on behalf of the Investment Adviser or the Administrator and delivered to the Representative or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to a representation and warranty by the Investment Adviser or the Administrator, as applicable, as to the matters covered therein to each Underwriter.

3. *Agreements to Sell and Purchase.* The Fund hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Fund the respective numbers of Firm Shares set forth in Schedule I hereto opposite its name at \$[·] a share (the “**Purchase Price**”).

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Fund agrees to sell to the Underwriters the Additional Shares and the Underwriters shall have the right to purchase, severally and not jointly, up to [·] Additional Shares at the Purchase Price. The Representative may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice to the Fund not later than thirty (30) days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least one business day after the written notice is given and may not be earlier than the closing date for the Firm Shares not later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 5 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each Option Closing Date, if any, that Additional Shares are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as the Representative may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

The Fund hereby agrees that, without the prior written consent of the Representative on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the Prospectus, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock. Notwithstanding the foregoing, if (1) during the last 17 days of the 90-day restricted period, the Fund issues an earnings release or material news or a material event relating to the Fund occurs; or (2) prior to the expiration of the 90-day restricted period, the Fund announces that it will release earnings results during the 16-day period following the last day of the 90-day restricted period, then in each case the restrictions imposed by this Agreement shall continue to apply until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of material news or a material event relating to the Fund, as the case may be, unless the Representative waives, in writing, such extension. The agreements contained in this paragraph shall not apply to the Shares to be sold hereunder or any Common Stock issued pursuant to the Plan.

4. *Terms of Public Offering.* The Fund and the Investment Adviser each understands that the Underwriters propose to make a public offering of their respective portions of the Shares as soon as the Representative deems advisable after this Agreement has been executed and delivered. The Fund and the Investment Adviser each further understands that the Shares are to be offered to the public initially at \$[·] a share (the “**Public Offering Price**”), and to certain dealers selected by the Representative at a price that represents a concession not in excess of \$[·] a share under the Public Offering Price.

5. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Fund in Federal or other funds immediately available to a bank account designated by the Fund against delivery of such Firm Shares for the respective accounts of the several Underwriters at [10:00] A.M. (New York City time), on [ ], 2012 or at such other time on the same or such other date, not later than 10 business days after the Closing Date, as shall be designated in writing by the Representative. The time and date of such payment are herein referred to as the “**Closing Date.**”

Payment for any Additional Shares shall be made to the Fund in Federal or other funds immediately available to a bank account designated by the Fund against delivery of such Additional Shares for the respective accounts of the several Underwriters at [10:00] A.M. (New York City time), on the date specified in the corresponding notice described in Section 3 or at such other time on the same or on such other date, in any event not later than [ ], 2012, as shall be designated in writing by the Representative. The time and date of any such payment for Additional Shares are herein referred to as the “**Option Closing Date.**”

The Firm Shares and Additional Shares shall be registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to you through the facilities of DTC on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

6. *Conditions to the Underwriters' Obligations.* The obligation of the Fund to sell, and the several obligations of the Underwriters to purchase, the Shares are subject to the condition that the Registration Statement, including any Rule 462(b) Registration Statement, has become effective, and at the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued under the Securities Act and no proceedings with respect thereto shall have been initiated or, to the Fund's knowledge, threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters.

The several obligations of the Underwriters to purchase the Shares are also subject to the accuracy of the representations and warranties on the part of the Fund, the Investment Adviser and the Administrator contained herein, the accuracy of the statements of the Fund, the Investment Adviser and the Administrator made in any certificates pursuant to the provisions hereof and to the following further conditions:

(a) A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 497 (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A under the Securities Act).

(b) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Fund, the Investment Adviser or the Administrator, from that set forth in the Time of Sale Prospectus that, in the Representative's reasonable judgment, is material and adverse and that makes it, in the Representative's reasonable judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus.

(c) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Fund, to the effect that the representations and warranties of the Fund and contained in this Agreement are true and correct as of the Closing Date and that the Fund has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date. The Underwriters shall also have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Investment Adviser, to the effect that the representations and warranties of the Investment Adviser and contained in this Agreement are true and correct as of the Closing Date and that the Investment Adviser has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date. The Underwriters shall also have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Administrator, to the effect that the representations and warranties of the Administrator and contained in this Agreement are true and correct as of the Closing Date and that the Administrator has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

Each officer signing and delivering such a certificate may rely upon his or her knowledge, after reasonable inquiry, as to proceedings threatened.

(d) Each of the Investment Adviser, the Administrator and the Fund shall have performed all of their respective obligations to be performed hereunder on or prior to the Closing Date.

(e) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Sutherland Asbill & Brennan LLP, counsel for the Fund, the Investment Adviser and the Administrator, dated the Closing Date, satisfactory to the Representative and counsel for the Underwriters in form and substance, to the effect set forth in Exhibit A hereto.

(f) The Underwriters shall have received on the Closing Date the favorable opinion of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Closing Date, and covering such matters as the Underwriters shall reasonably request.

The opinion of Sutherland Asbill & Brennan LLP described in Section 6(e) above shall be rendered to the Underwriters at the request of the Fund, the Investment Adviser and the Administrator, as applicable, and shall so state therein. Such opinion shall include a statement to the effect that it may be relied upon by counsel for the Underwriters as to the laws of the State of Maryland in any opinion delivered to the Underwriters.

(g) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof and the Closing Date, respectively, in form and substance satisfactory to the Underwriters, from Grant Thornton LLP, independent registered public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus, *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.



(h) All filings, applications and proceedings taken by the Fund, the Investment Adviser and the Administrator in connection with the registration of the Shares under the Securities Act and the applicable Rules and Regulations shall be satisfactory in form and substance to you and counsel for the Underwriters.

(i) No action, suit, proceeding, inquiry or investigation shall have been instituted or threatened by the Commission which would adversely affect the Fund's standing as a business development company under the Investment Company Act or the standing of the Investment Adviser as a registered investment adviser under the Advisers Act.

(j) The Shares shall have been duly authorized for listing on the Nasdaq Capital Market, subject only to official notice of issuance thereof.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to you on the applicable Option Closing Date of such documents as you may reasonably request with respect to the good standing of the Fund, the Investment Adviser and the Administrator, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares, and officers' certificates, opinions of Sutherland Asbill & Brennan L.L.P. to the effect set forth above, and comfort letters of Grant Thornton LLP to the effect set forth above, except that such certificates, opinions and comfort letters shall be dated as of the applicable Option Closing Date and statements and opinions above contemplated to be given as of the Closing Date shall instead be made and given as of such Option Closing Date.

7. *Covenants of the Fund, the Investment Adviser and the Administrator.* In further consideration of the agreements of the Underwriters herein contained, the Fund covenants and agrees, and the Investment Adviser and the Administrator, jointly and severally, covenant and agree with the Underwriters as follows:

(a) To notify the Underwriters as soon as practicable, and confirm such notice in writing, of the happening of any event during the period mentioned in Section 7(h) below which in the judgment of the Fund makes any statement in the Registration Statement, the Time of Sale Prospectus, any Omitting Prospectus or the Prospectus untrue in any material respect or which requires the making of any change in or addition to the Registration Statement, the Time of Sale Prospectus, any Omitting Prospectus or the Prospectus in order to make the statements therein not misleading in any material respect. If at any time the Commission shall issue any order suspending the effectiveness of the Registration Statement, the Fund will use its best efforts to obtain the withdrawal of such order at the earliest possible moment.

(b) To furnish to the Representative in New York City, without charge, prior to [10:00] A.M. (New York City time) on the business day next succeeding the date of this Agreement and during the period mentioned in Section 7(h) below, as many copies of the Preliminary Prospectus, Prospectus and any supplements and amendments thereto or to the Registration Statement as the Representative may reasonably request.

(c) Before amending or supplementing the Registration Statement, the Preliminary Prospectus or the Prospectus, to furnish to the Representative a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 497 under the Securities Act any prospectus required to be filed pursuant thereto.

(d) To furnish to the Representative a copy of each proposed Omitting Prospectus to be prepared by or on behalf of, used by, or referred to by the Fund and not to use or refer to any proposed Omitting Prospectus to which the Representative reasonably objects.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus materially conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer materially conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law, as applicable.

(f) The Fund will use the net proceeds received by it from the sale of the Shares in the manner specified in the Time of Sale Prospectus.

(g) The Fund and the Investment Adviser will not take any action designed to cause or result in the manipulation of the price of any security of the Fund to facilitate the sale of Shares in violation of the Acts or the Exchange Act and the applicable Rules and Regulations, or the securities or “blue sky” laws of the various states and foreign jurisdictions in connection with the offer and sale of Shares.

(h) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Fund) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law, as applicable.

(i) To endeavor to qualify the Shares for offer and sale under the securities or “blue sky” laws of such jurisdictions as the Underwriters shall reasonably request.

(j) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of the obligations of the Fund and the Investment Adviser under this Agreement, including: (i) the fees, disbursements and expenses of the Fund's counsel and the Fund's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Notification of Intent, the Notification of Election, the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, and any Omitting Prospectus prepared by or on behalf of, used by, or referred to by the Fund and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any "blue sky" memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 7(i) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the FINRA, (v) all costs and expenses incident to listing the Shares on the Nasdaq Capital Market, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Fund relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with production of road show slides and graphics, and the travel and lodging expenses of the representatives and officers of the Fund, (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Fund hereunder for which provision is not otherwise made in this Section 7(j). It is understood, however, that except as provided in this Section, Section 8 and the last paragraph of Section 10 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them, the travel and lodging expenses of the representatives of the Underwriters in connection with any road show presentations, and any advertising expenses connected with any offers they may make.

(k) At the Applicable Time, the Fund will obtain for the benefit of the Underwriters, the Lock-Up Agreements.

(l) The Fund will comply with all applicable securities and other applicable laws, rules and regulation, including, without limitation, the Sarbanes-Oxley Act, and will use reasonable efforts to cause the Fund's directors and officers, in their capabilities, as such, to comply with such laws, rules and regulations, including, without limitation, the provisions of Sarbanes-Oxley Act.

(m) The Fund will use reasonable best efforts to maintain its status as a "business development company" under the 1940 Act, *provided, however*, that the Fund may change the nature of its business so as to cease to be, or withdraw its election to be treated as, a business development company with the approval of its Board of Directors and a vote of shareholders to the extent required by Section 58 of the 1940 Act.

(n) The Fund will use reasonable best efforts to comply with the requirements of Subchapter M of the Code to qualify as a regulated investment company under the Code, with respect to any fiscal year in which the Fund is a business development company.

(o) The Fund, the Adviser and the Administrator will use their reasonable efforts to perform all of the agreements required of them by this Agreement and discharge all conditions of theirs to closing as set forth in this Agreement.

(p) Before using, approving or referring to any Road Show Material, the Fund will furnish to the Representative and counsel to the Underwriters a copy of such material for review and will not make, prepare, use, authorize, approve or refer to any such material to which the Representative reasonably objects.

(q) As soon as practicable, the Fund will make generally available to its security holders and to the Representative an earnings statement or statements of the Fund which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

8. *Indemnity and Contribution.* (a) The Fund, the Investment Adviser and the Administrator, jointly and severally, agree to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each partner, director, officer, trustee, manager, member and shareholder of any Underwriter within the meaning of Rule 405 under the Securities Act (each, an “**Underwriter Indemnified Party**”) from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim), caused by, arising out of, related to or based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, any Omitting Prospectus, any Road Show Material, the Time of Sale Prospectus, or the Prospectus or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon the Underwriter Information, (ii) any action or claim by NEXT Financial Group, Inc. or any affiliate, partner, director, officer, trustee, manager, member or shareholder of NEXT Financial Group, Inc. or (iii) any action or claim by any of Christian Glynn, Perrarus Management Company (“**Perrarus**”), any partner, director, officer, trustee, manager, member or shareholder of Perrarus or by any other organization of which Mr. Glynn or Perrarus is a partner, director, officer, trustee, manager, member or shareholder; provided, however, that the Company shall not have any obligation to an Underwriter Indemnified Party under this clause (iii) to the extent such losses, claims, damages or liabilities are finally judicially determined by a court of competent jurisdiction to have resulted solely from the actions of such Underwriter Indemnified Party.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless each of the Fund, the Investment Adviser and the Administrator, and each of their respective partners, directors, trustees, managers, members and shareholders (as the case may be), and each officer of the Fund who signs the Registration Statement and each person, if any, who controls the Fund, the Investment Adviser and/or the Administrator within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a **“Fund Indemnified Party”**) to the same extent as the foregoing indemnity from the Fund, the Investment Adviser and the Administrator to such Underwriter, but only with reference to written information relating to the Underwriters furnished to the Fund by the Representative on behalf of any Underwriter expressly for use in the Registration Statement, as originally filed with the Commission, or any amendment thereof, any preliminary prospectus, any Omitting Prospectus, any Road Show Material or the Time of Sale Prospectus (the **“Underwriter Information”**). The Company acknowledges the Underwriter Information consists only of the statements set forth (i) in the last paragraph of the cover page regarding delivery of the Securities and (ii) under the heading, “Underwriting,” (a) the list of Underwriters and their respective participation in the sale of the Securities, (b) the sentences related to concessions and reallowances and (c) the paragraphs related to stabilization, syndicate covering transactions and penalty bids in the Preliminary Prospectus and the Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b), such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements reasonably incurred of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with an actual conflict of interest, or (iii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (i) the fees and expenses reasonably incurred of more than one separate firm (in addition to any local counsel) for all Underwriter Indemnified Parties, collectively, and (ii) the fees and expenses reasonably incurred of more than one separate firm (in addition to any local counsel) for all Fund Indemnified Parties, collectively. In the case of any such separate firm for the Underwriter Indemnified Parties, such firm shall be designated in writing by the Representative. In the case of any such separate firm for the Fund Indemnified Parties, such firm shall be designated in writing by the Fund. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there is a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for the reasonable fees and expenses of counsel as contemplated by the second and third sentences of this Section 8(c), the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the material terms of such settlement at least 30 days prior to such settlement being entered into, and (iii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Fund, the Investment Adviser and/or the Administrator on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 8(d) (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Fund, the Investment Adviser and/or the Administrator on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Fund, the Investment Adviser and/or the Administrator on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Fund and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Fund, the Investment Adviser and/or the Administrator on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Fund, the Investment Adviser or the Administrator or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Fund, the Investment Adviser, the Administrator and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.



(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Fund, the Investment Adviser and the Administrator contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter Indemnified Party or by or on behalf of any Fund Indemnified Party and (iii) acceptance of and payment for any of the Shares.

(g) No party shall be entitled to indemnification under this Section 8 if such indemnification of such party would violate Section 17(i) of the Investment Company Act.

9. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representative to the Fund, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the NYSE Amex LLC, the NASDAQ Capital Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Fund shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the Representative's judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in your judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

10. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to the Representative and the Fund for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter. In any such case either the Representative or the Fund shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be affected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Fund, the Investment Adviser or the Administrator to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Fund, the Investment Adviser or the Administrator shall be unable to perform its obligations under this Agreement, the Fund, the Investment Adviser and the Administrator, jointly and severally, will reimburse the Underwriters, severally, for all out-of-pocket accountable expenses (including the reasonable fees and disbursements of their counsel) actually incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

11. *Entire Agreement.* (a) This Agreement supersedes all prior agreements and understandings (whether written or oral) between and among the Fund, the Investment Adviser, the Administrator and the Underwriters, or any of them, with respect to the subject matter hereof.

(b) The Fund, the Investment Adviser and the Administrator acknowledge that in connection with the offering of the Shares: (i) the Underwriters have acted at arms length, are not agents of, and owe no fiduciary duties to, the Fund, the Investment Adviser, the Administrator or any other person, (ii) the Underwriters owe the Fund, the Investment Adviser and the Administrator only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Fund, the Investment Adviser and the Administrator. Each of the Fund, the Investment Adviser and the Administrator agree that it will not claim that the Underwriters owe an agency, fiduciary or similar duty to the Fund, the Investment Adviser or the Administrator in connection with offer or sale of the Shares or the process leading thereto.

12. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

13. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to contracts made and to be performed within the State of New York.

14. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

15. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and (A) if to the Underwriters, shall be sufficient in all respects if delivered, mailed or sent to the Representative at Citigroup Global Markets Inc. General Counsel (fax no.: (212) 816 7912) and confirmed to the General Counsel, Citigroup Global Markets Inc., at 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel; and (B) if to the Fund, the Investment Adviser or the Administrator, shall be sufficient in all respects if delivered, mailed or sent to the Fund, the Investment Adviser or the Administrator, as applicable, at the offices of the Fund at 2965 Woodside Road, Woodside, California, 94062, Attention: Michael T. Moe (facsimile no. (650) 289-9134), with a copy to Sutherland Asbill & Brennan, LLP, 1275 Pennsylvania Avenue, NW, Washington, DC 20004, Attention: Steven B. Boehm (facsimile no. (202) 637-3593).

[Signature page follows.]

Very truly yours,

GSV CAPITAL CORP.

By: \_\_\_\_\_  
Name:  
Title:

GSV ASSET MANAGEMENT, LLC

By: \_\_\_\_\_  
Name:  
Title:

GSV CAPITAL SERVICE COMPANY, LLC

By: \_\_\_\_\_  
Name:  
Title:

Accepted as of the date hereof

Citigroup Global Markets Inc.

Acting on behalf of itself and  
the several Underwriters named in  
Schedule I hereto

By: \_\_\_\_\_  
Name:  
Title:

Signature Page to Underwriting Agreement

SCHEDULE I

Number of  
Firm Shares  
To Be  
Purchased

Underwriter

Citigroup Global Markets Inc.	
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<b>Total</b>	
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Pricing Information

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Omitting Prospectuses

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**EXHIBIT A**

**OPINION OF COUNSEL TO THE FUND, THE INVESTMENT ADVISER AND THE ADMINISTRATOR**

**[Attached]**

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February 9, 2012

GSV Capital Corp.  
2965 Woodside Road  
Woodside, CA 94062

Re: GSV Capital Corp.  
Registration Statement on Form N-2

Ladies and Gentlemen:

We have acted as counsel to GSV Capital Corp., a Maryland corporation (the "**Company**"), in connection with the preparation and filing by the Company with the Securities and Exchange Commission (the "**Commission**") of a registration statement on Form N-2 on January 6, 2012 (SEC File No. 333-178932) (as amended from time to time, the "**Registration Statement**") under the Securities Act of 1933, as amended (the "**Securities Act**"), with respect to the offer, issuance and sale of up to 3,620,600 shares (the "**Shares**") of the Company's common stock, par value \$0.01 per share (the "**Common Stock**").

As counsel to the Company, we have participated in the preparation of the Registration Statement and have examined the originals or copies, certified or otherwise identified to our satisfaction as being true copies, of such records, documents or other instruments as we in our judgment deem necessary or appropriate for us to render the opinions set forth in this opinion letter including, without limitation, the following:

- (i) The Articles of Amendment and Restatement of the Company, as amended by the Articles of Amendment thereto, both certified as of a recent date by the State Department of Assessments and Taxation of the State of Maryland (the "**Charter**");
  - (ii) The Bylaws of the Company, certified as of the date hereof by an officer of the Company (the "**Bylaws**");
  - (iii) A Certificate of Good Standing with respect to the Company issued by the State Department of Assessments and Taxation of the State of Maryland as of a recent date (the "**Certificate of Good Standing**"); and
  - (iv) The resolutions of the board of directors of the Company (the "**Board**") relating to, among other things, (a) the authorization and approval of the preparation and filing of the Registration Statement, and (b) the authorization, issuance, offer and sale of the Shares pursuant to the Registration Statement, certified as of the date hereof by an officer of the Company (collectively, the "**Resolutions**").
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With respect to such examination and our opinion expressed herein, we have assumed, without any independent investigation or verification, (i) the genuineness of all signatures on all documents submitted to us for examination, (ii) the legal capacity of all natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as conformed or reproduced copies and the authenticity of the originals of such copied documents, and (v) that all certificates issued by public officials have been properly issued. We also have assumed without independent investigation or verification the accuracy and completeness of all corporate records made available to us by the Company.

As to certain matters of fact relevant to the opinions in this opinion letter, we have relied upon certificates of public officials (which we have assumed remain accurate as of the date of this opinion), upon certificates and/or representations of officers and employees of the Company, upon such other certificates as we deemed appropriate, and upon such other data as we have deemed to be appropriate under the circumstances. We have not independently established the facts, or in the case of certificates of public officials, the other statements, so relied upon.

The opinions set forth below are limited to the effect of the Maryland General Corporation Law, as in effect on the date hereof, and reported judicial decisions interpreting the foregoing, and we express no opinion as to the applicability or effect of any other laws of such jurisdiction or the laws of any other jurisdictions. Without limiting the preceding sentence, we express no opinion as to any state securities or broker-dealer laws or regulations thereunder relating to the offer, issuance and sale of the Shares pursuant to the Registration Statement.

On the basis of and subject to the foregoing, and in reliance thereon, and subject to the limitations and qualifications set forth in this opinion letter, and assuming that (i) the final price and amount of the Shares to be issued, offered and sold have been determined in accordance with the Resolutions by proper action of the pricing committee of the Board established by the Resolutions, (ii) the Shares have been delivered to, and the agreed consideration has been fully paid at the time of such delivery by, the purchasers thereof; and (iii) the Registration Statement has become effective under the Securities Act and remains effective at the time of the issuance, offer and sale of the Shares, we are of the opinion that the Shares have been duly authorized and, when issued and paid for in accordance with the Registration Statement, will be validly issued, fully paid and nonassessable.

The opinions expressed in this opinion letter (i) are strictly limited to the matters stated in this opinion letter, and without limiting the foregoing, no other opinions are to be implied and (ii) are only as of the date of this opinion letter, and we are under no obligation, and do not undertake, to advise the addressee of this opinion letter or any other person or entity either of any change of law or fact that occurs, or of any fact that comes to our attention, after the date of this opinion letter, even though such change or such fact may affect the legal analysis or a legal conclusion in this opinion letter.

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We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement. We do not admit by giving this consent that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Respectfully submitted,

/s/ SUTHERLAND ASBILL & BRENNAN LLP

SUTHERLAND ASBILL & BRENNAN LLP

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 29, 2011 with respect to the statement of assets and liabilities of GSV Capital Corp. (a development stage company) (formerly NeXt Innovation Corp.) as of February 28, 2011 contained in the Registration Statement and Preliminary Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Preliminary Prospectus, and to the use of our name as it appears under the captions "Financial Statements" and "Independent Registered Public Accounting Firm."

/s/ GRANT THORNTON LLP

San Francisco, California

February 9, 2012

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