



GSV CAPITAL CORP.

(NASDAQ: GSVG)

Current Share Price Below NAV: Unique Opportunity for Exposure to Private, Emerging Growth Companies. Maintaining Rating – Lowering Price Target to \$17.00

Company & Market Data (August 14, 2012)

Price (Intra-day)	\$	9.12
Price Target (12 Month)	\$	17.00
Previous Price Target	\$	17.75
NAV (As of June 30, 2012)	\$	13.83
52 - Week Range	\$8.46 - \$20.89	
Mkt. Capitalization (M)	\$	176.2
Diluted Shares Outstanding (M)		19.3
Avg. Daily Trading Vol (000s)		761.3
Fiscal Year End		December

Estimates

	CY 2011	CY 2012
Revenues (000's)	\$ 162,328	NA
Q1 Decrease in Assets	\$ (0.06)	\$ (0.02) A
Q2 Decrease in Assets	\$ (0.27)	\$ (0.34) A
Q3 Decrease in Assets	\$ (0.18)	NA
Q4 Decrease in Assets	\$ (0.31)	NA
Total	\$ (0.27)	NA
P/E	NM	NM



Chart Data: Capital IQ

Structured as a non-diversified closed-end management investment company, GSV Capital has elected to be treated as a business development company under the Investment Company Act of 1940. GSV will invest in emerging, high-growth private companies with the goal of providing growth oriented investors a vehicle to participate in value creation happening in the private sector. The company is focused on the high-growth sectors in the economy including Social Media, Mobile Computing, Cloud Computing, Green Technology, and Education Technology. In general, the asset management team will acquire the investment positions directly from employees and early VCs, as well as primary shares directly from the company and from the emerging private marketplaces. The company is headquartered in Woodside, California.

Investment Highlights

- The GSV Capital Model:** According to recent data from Dealogic, the number of IPOs completed in the prior decade (2001 through 2010) dropped 64% from the decade of the 1990s. At the same time, companies that are coming public are waiting longer and generally reaching the Street with much higher market valuations than in past decades. This trend continued in 2011 and early in 2012 with companies such as LinkedIn (LNKD, \$104.60, Not rated), (YELP, \$23.87, Not Rated) and most recently Palo Alto Networks (PAWN, \$62.75, Not Rated). The GSV model offers traditional growth investors the opportunity to participate in the ongoing wealth creation happening with many of today's fastest growth, emerging companies while they are still private.
- The Facebook Effect:** With the share price action of Facebook (FB, \$21.60, Not Rated) off of the IPO and subsequent disappointing Q2 financial results, investors are discounting heavily the future prospects of other highly visible private companies such as Twitter, Dropbox, and Bloom Energy. The highly publicized aftermath of the Facebook IPO has resulted in severe declines in the share price of both GSVG and SVVC (SVVC, \$16.03, Buy Rated) and appears to have initiated a revaluation of private growth equities in general. Though the current paradigm is hurting the share price of GSVG, it is also allowing for the purchase of high-growth private company shares at more attractive valuations.
- Valuable Portfolio –** Though the company has only been operational just more than a year, the asset management team has successfully built a portfolio of 34 holdings (as of 6/30/2012) that includes many of today's leading emerging growth, private companies including Twitter, Dropbox Violin Memory, and Kno. Currently, Twitter is GSV's largest holding at about 12% of portfolio. We point to this holding as a prime example of GSV's ability to offer participation in a private security that is extremely hard to purchase due to Twitter's strict internal policies concerning stock ownership.
- Our Outlook –** Given the anticipated revenue growth in the portfolio companies, we believe that the share price is not reflective of the current and (more importantly) future value of the holdings in the portfolio. We suggest that based on success of the management team in building a high-growth portfolio of private companies and the potential for future liquidity events (IPOs) a more fair value, looking out twelve months, would be a premium above the adjusted NAV of \$13.83 as of 6/30/2012. Based on the potential revenue growth of the portfolio holdings as a group, we are adjusting our price target to \$17.00 and maintaining our Buy rating.

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Disclosures and Analyst Certifications can be found in Appendix A. (519) 218-4045
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Thoughts on the Quarter

In reporting its financial results for Q2 of 2012, GSV Capital filed a 10-Q and held a conference call to provide an update for investors. The current portfolio (as of 6/30/2012) now has 34 holdings with a fair market value (determined by the Board of Directors) of \$171.5 million excluding the remaining cash balance. The management team at GSV Capital continues to populate the portfolio with high quality, high growth private companies including Twitter, Violin Memory, Top Hat, Dropbox, and the Palantir Technologies. Including the available cash in the portfolio, the net asset value of the portfolio totaled \$266.8 million or \$13.83 per share (assuming 19.320 million shares outstanding). Key to the attractiveness of GSV as an investment is the portfolio's narrow focus on the most rapid growth industries in today's economy. These sectors include social media, cloud computing, clean tech and mobile computing platforms. These sectors all represent multi-billion dollar market opportunities and include some of the today's fastest growth companies. Currently, Twitter is GSV's largest holding at 12% of portfolio.

As there were no exits from the portfolio this period, income was minimal (consisting of interest income) and the company generated a loss for the period of \$5.5 million. The net loss was larger than prior periods due the revaluation of the Zynga (ZNGA, \$2.93, Not Rated) position.

As a key measure of the management team's success in building the portfolio, we highlight the ongoing revenue growth in the underlying holdings. Post the end of the 2nd quarter, the management team at GSVC added four new investments. These include positions in Spotify, (a popular social music site) 2Tor, Inc., (online tutoring), Totus Solutions (intelligent streetlight software systems) and Dataminer (a novel data mining platform). In addition, the company added significantly to its holdings in Bloom Energy, Palantir (a leading company in fraud detection and cyber security), Kno and Control4. We note that Palantir is now the second largest holding in the portfolio. Currently the team at GSV Capital is estimating that the companies in the portfolio collectively generated revenues of roughly \$3.8 billion in 2010. This number is estimated to have reached \$9.7 billion in 2011 and is expected to grow to more than \$24.1 billion in calendar 2012¹. This is an estimated compound annual growth rate of 154% - very impressive expected performance. As an example we note that Palantir Inc. has been doubling revenues each year for the last three year (including expectations of 2012).

Largely as a result of the trading in Facebook shares post the IPO, the shares of GSVC have declined dramatically, falling from price near \$20 in May 2012 to the current price of \$9.48. This decline appears (in our opinion) to be a significant over reaction and is not reflective of the potential of the portfolio as a whole. The GSV portfolio holds 350,000 shares of Facebook, but given the net assets in the portfolio the Facebook position is now less than 5% of the portfolio. We note that along with Twitter, many of the larger positions in the portfolio appear to have much greater appreciation potential than that of Facebook. Dropbox, Violin Memories, and Avenues of the World all have estimated revenue growth rates near 300% for calendar 2012.

The GSV Capital Portfolio²

Through June 30th 2012, the management of the GSV Capital portfolio had invested \$171.5 million dollars in 34 companies (3 holdings are now public companies). New to the portfolio since the end of March 2012 quarter report include Dailybreak, Inc., Solexel, Inc., and Palantir. The current portfolio holdings are detailed in Table 1 on page 5 of this note.

¹ Per data provided by the company at the Annual Meeting, June 5, 2012

² See Schedule of Investments Chart on Page 5 for further information. Portfolio holding information is accurate as of May 4, 2012. The current holdings of the portfolio could vary from the information provided in this report.

We note that when a holding in the portfolio comes public, creating a potential liquidity event for the portfolio, the holding is (in most cases) subject to a lock-up period of six months. This lock-up stipulation requires the management team to wait six months after the IPO before the shares are eligible for sale.

Financial Discussion

Incorporated as closed-end, investment Management Company, GSV Capital Corp's operating history began with the company's IPO in April 2011. The initial public offering of 3,335,000 shares at an offering price of \$15.00 per share resulted in net proceeds \$46.5 million. Shortly after the IPO the GSV asset management team completed its first asset purchase, a \$2,250,000 investment in Kno, Inc., in May 2011.

Early in 2012 the company has completed two additional equity offerings, raising approximately \$200 million in capital. Through the end of the second quarter of 2012, GSV had invested \$171.5 million in 34 separate companies and had a net asset value of \$13.83 per share. The company's current operating expenses are running at about \$220,000 per month. The majority of these expenses are fixed and as the capital base grows the expense structure will remain relatively constant.

Valuation

Currently the share price of GSV Capital is trading near \$9.00 per share, well below the adjusted NAV (\$13.83) as of 6/30/2012 of the portfolio. We believe this current price is due in large part to the resulting price of Facebook after its much maligned IPO and the GSV's ownership of 350,000 shares of Facebook. The fact that Facebook shares did not trade well and now are about 40% below the IPO pricing has lessened the immediate appeal of GSV's Facebook holding and has diminished investor confidence in the future value of the other positions in the GSV portfolio. However, we believe that from a longer term perspective, the growth prospects of Facebook and

GSV Capital Corp. Top 10 Holdings (As of August 9, 2012)				
Portfolio Investments	Industry	Fair Value	2012 Est. Revenue Growth Rate	% of Net Assets
Twitter, Inc.	Social	\$ 32,600,000	200%	15.23%
Palantir Technologies	Data Security	\$ 20,600,000	100%	9.62%
Violin Memory, Inc.	Flash Memory	\$ 14,800,000	300%	6.91%
Chegg, Inc.	Textbook Rental	\$ 14,000,000	25%	6.54%
Dropbox Inc.	Online Storage	\$ 13,200,000	300%	9.13%
Avenues World Holdings	Private Education	\$ 10,000,000	300%	4.67%
Solevel, Inc	Solar Energy	\$ 10,000,000	125%	4.67%
2Tor	Online Education	\$ 10,000,000	125%	4.67%
Kno, Inc.	Digital Textbooks	\$ 9,955,000	125%	4.65%
Facebook, Inc. ¹	Social Networking	\$ 9,361,100	35%	4.37%
Top Ten Holdings		\$ 144,516,100		67.50%
Total Portfolio Investments		\$ 214,097,977		

Revenue Growth Estimates Per Company Commentary, 2012

the other holdings in the GSV Capital portfolio are impressive. Revenues for the portfolio companies collectively are anticipated to increase by more than 125% in 2012 to a level now in excess of \$24.1 billion. To this point, we note that the top 10 holdings in the portfolio now make up nearly 70% of the invested capital and collectively are growing revenues at a rate that is at or above 125% annually (see the chart at the left)³.

From the information provided during the June 5th 2012 annual meeting,

Glit Groupe, Sliver Spring Networks and Control4 have been replaced in the top ten holdings with

³ The revenue growth estimates for the holdings in the GSV portfolio are provided by GSV Capital management.

Solexel, Inc., 2Tor, Inc., and Kno, Inc. We believe that collectively these three new top ten names are growing revenues faster than the three companies that they replaced. Currently management is suggesting that revenues for the total portfolio as of August 8th, 2012 are on pace to increase by more than 125%⁴ in 2012. This forecast is up from the 115% number given in June at the annual meeting.

Though the aftermath of the Facebook IPO has diminished investors' appetite for similar IPOs, recent positive debuts of both Palo Alto Networks and Kayak (KYAK, \$30.49, Not Rated) would seem to suggest that the appetite for high growth internet-related names appears to be recovering. In the current environment and given the rapid revenue growth potential of GSV's portfolio holdings, we believe a more accurate value of the portfolio would be to use a modest multiple account for the expected growth of the value of the portfolio. As outlined in the chart above, management believes that the collective revenue growth of the portfolio holdings is in the range of 125% to 150% for calendar 2012. We believe that a portfolio generating this type of rapid revenue growth could justifiably trade a premium to its stated NAV. In today's equity market environment, high growth companies often trade at revenue multiples near 10X⁵.

With its portfolio of high revenue growth private companies, we believe that it is not unreasonable to assume that the portfolio can appreciate in value in a nine to twelve month time frame by a modest 20% to 25% from the current NAV of \$13.83. Looking out twelve months we suggest that \$17.00 price target is quite reasonable. This valuation provides a modest 23% premium to the current NAV and accounts for the ongoing growth inside the GSVC portfolio.

Company	Symbol	Price	Market Cap (MM)	2012E Sales (MM)	2012 Est. Revenue Growth	2012E Market Cap/Sales
Facebook	FB	\$ 20.86	\$ 44,800.0	\$ 4,930.0	35.0%	9.1
Palo Alto Networks	PANW	\$ 62.54	\$ 4,150.0	\$ 251.9	50.0%	16.5
Kayak	KYAK	\$ 28.93	\$ 1,110.0	\$ 288.0	31.0%	3.9
LinkedIn	LNKD	\$ 105.60	\$ 11,100.0	\$ 932.5	78.0%	11.9
Jive Software	LIVE	\$ 15.11	\$ 942.4	\$ 112.5	45.5%	8.4
Sycamore Networks	SCMR	\$ 14.30	\$ 414.1	\$ 53.3	10.0%	7.8
Service Now	NOW	\$ 32.43	\$ 908.4	\$ 235.3	87.0%	3.9
Splunk	SPLK	\$ 29.85	\$ 2,860.0	\$ 178.3	85.0%	16.0
Yelp, Inc.	YELP	\$ 23.87	\$ 1,580.0	\$ 135.6	66.6%	11.7
Zillow Inc.	Z	\$ 38.37	\$ 1,090.0	\$ 113.6	73.4%	9.6
AVERAGE						9.9

Investment Risks

In light of the fact that GSV Capital's operating history is just more than six months and the portfolio holdings are all less than six months old, there are numerous risks associated with this young investment management company. Though the asset management team is experienced and has been successful in past endeavors, their track record with this current vehicle with a focus on private companies remains unproven and as such we believe the company faces a number of risks, both operating and non-operating in nature. These potential risks to our investment thesis include, but are not limited to, the following:

- A disruption in the capital markets and the credit markets could negatively impact GSV's ability to affect the types of private equity transactions it is seeking. A significant downturn in the general economy would likely negatively impact market valuations for the portfolio holding and negatively impact potential shareholder returns.

⁴ This estimate was provided by management during the Q2 2012 Financial Results Conference call.

⁵ These companies (in our opinion) represent a cross section of generally well-known, internet related enterprises. Pricing and 2012 estimated revenue information is from Yahoo Finance as of August 13, 2012. None of the companies listed in the table are followed or rated by Ladenburg Thalmann & Co. Mention of specific companies not covered by Ladenburg Thalmann & Co. Inc. is not a recommendation to buy, sell or hold these securities mentioned.

- The company is currently generating operating expenses of roughly \$230,000 per month. A portion of these expenses are related to the company's structure as publicly traded company.
- GSV's business model depends heavily upon the development and maintenance of strong referral relationships with private equity and venture capital funds and investment banking firms. If these relationships were to be interrupted the company's deal sourcing activities could be negatively impacted.
- There are significant potential investment risks relating to investing in securities traded on private secondary markets. The liquidity in these types of issues is generally very low and this could affect valuations.
- Because the investments in the GSV portfolio will generally not be in publicly traded securities, there will be a large degree of uncertainty regarding the value of the investments, which could adversely the perceived value of the portfolio.
- Additionally, there is no assurance that in the future the private companies in the GSV portfolio will be able to create a liquidation opportunity for the GSV shares such as an IPOs or outright sale for cash or shares of a public entity.
- The company's inability to raise additional investment capital and grow the portfolio will negatively impact the relative size of the investment management and operating fees.
- As a newly listed company on the NASDAQ, it is possible that in the future the company may fail to meet listing requirements of the NASDAQ Stock Market.

Table 1: GSV – Schedule of Investments⁶

GSV Capital Corp. Schedule of Investments / Data is as of June 30, 2012						
Portfolio Investments	Industry	Shares / Par Amount	Cost	Fair Value	Security	% of Net Assets
<u>AltEgo, LLC</u>	Online Games	1,000,000	\$ 1,017,540	\$ 1,000,000	Peferred Shares	0.58%
<u>AlwaysON Network, LLC</u>	Internet Media	250,000	\$ 250,000	\$ 250,000	Structured Note	0.15%
<u>Avenues World Holdings</u>	Private Education	5,000,000	\$ 10,026,573	\$ 10,000,000	Preferred Shares	5.83%
<u>Bloom Energy Corporation</u>	Fuel Cell Energy	201,589	\$ 3,854,817	\$ 3,770,135	Common Shares	2.20%
<u>Chegg, Inc.</u>	Textbook Rental	1,274,193	\$ 10,012,543	\$ 9,999,996	Common Shares	
		500,000	\$ 4,008,654	\$ 4,000,000	Preferred Shares	
			\$ 14,021,197	\$ 13,999,996		8.16%
<u>Control 4, Inc.</u>	Smart Home Services	2,950,667	\$ 5,046,583	\$ 4,997,000	Common Shares	2.91%
<u>CUX, Inc.</u>	Corporate Education	246,350	\$ 2,005,942	\$ 2,000,000	Preferred Shares	1.17%
<u>Dailybreak, Inc.</u>	Social Advertising	1,545,181	\$ 2,000,000	\$ 2,000,000	Preferred Shares	1.17%
<u>DreamBox Learning</u>	Education Technology	3,579,610	\$ 758,017	\$ 750,000	Common Shares	0.44%
<u>Dropbox Inc.</u>	Online Storage	600,000	\$ 6,868,679	\$ 6,858,500	Common Shares	
		552,486	\$ 5,015,333	\$ 6,314,915	Preferred Shares	
			\$ 11,884,012	\$ 13,173,415		7.68%
<u>Facebook, Inc.</u>	Social Networking	350,000	\$ 10,472,294	\$ 9,361,100	Common Shares, B	5.46%
<u>Fullbridge, Inc.</u>	Business Education	11,196,809	\$ 2,250,001	\$ 2,250,000	Preferred Shares C	1.31%
<u>GLT Groupe, Inc.</u>	e-Commerce Flash Sales	203,100	\$ 5,589,279	\$ 5,499,250	Common Shares	3.20%
<u>Global Education Learning.</u>	Education Technology	1,472,175	\$ 2,999,998	\$ 2,999,998	Preferred Shares A	1.75%
<u>Grockit, Inc.</u>	Education Technology	2,728,252	\$ 2,005,945	\$ 2,000,000	Common Shares	1.17%
<u>Groupon</u>	Online Deals	80,000	\$ 2,128,774	\$ 850,400	Common Shares	0.50%
<u>Kno, Inc.</u>	Digital Textbooks	440,313	\$ 2,262,006	\$ 2,250,000	Peferred Shares, C	
		1	\$ 7,509,663	\$ 7,500,000	Peferred Shares, C	
		50,000	\$ 214,303	\$ 205,000	Common Shares	
			\$ 9,985,972	\$ 9,955,000		5.80%
<u>Mavien Research, Inc</u>	Global Knowledge Marketplace	49,505	\$ 217,206	\$ 200,000	Preferred Shares, B	0.12%
<u>NestGSV, Inc.</u>	Entrepreneurial Education	1,000,000	\$ 1,020,145	\$ 1,000,000	Preferred Shares A	0.58%
<u>Palantir Technologies</u>	Data Security	1,559,419	\$ 4,239,986	\$ 4,210,431	Common Shares	2.45%
<u>Serious Energv, Inc.</u>	Green Materials	178,095	\$ 739,130	\$ 237,460	Common Shares	0.14%
<u>SharesPost, Inc.</u>	Online Marketplace	1,771,653	\$ 2,257,984	\$ 2,256,752	Preferred Shares, B	
		770,934	\$ 23,128	\$ 8,480	Common Warrants	
			\$ 2,281,112	\$ 2,265,232		1.32%
<u>Silver Spring Networks, Inc.</u>	Smart Grid	510,143	\$ 5,145,271	\$ 4,901,430	Common Shares	2.86%
<u>Solixel, Inc.</u>	Solar Technology	4,576,659	\$ 10,016,559	\$ 10,000,000	Preferred Shares C	5.83%
<u>StormWind, LLC</u>	Electric Business Services	3,279,629	\$ 2,019,687	\$ 2,000,000	Preferred Shares, B	1.17%
<u>The Echo Systems Corp.</u>	Online Social Analytics	512,365	\$ 1,436,404	\$ 1,639,568	Preferred Shares, A	
		68,359	\$ 75,988	\$ 73,176	Preferred Warrants	
			\$ 1,512,392	\$ 1,712,744		1.00%
<u>The rSmart Group, Inc.</u>	Education Technology	1,201,923	\$ 1,266,940	\$ 1,250,000	Preferred Shares, B	0.73%
<u>Top Hat, Inc.</u>	Online Jewelry Retailing	1,777,778	\$ 4,014,802	\$ 4,000,001	Preferred Shares A	2.33%
<u>TrueCar, Inc.</u>	Online Auto Services	377,358	\$ 2,014,863	\$ 1,999,997	Common Shares	1.17%
<u>Twitter, Inc.</u>	Social Communication	1,835,600	\$ 31,751,748	\$ 31,513,493	Common Shares	18.36%
<u>Violin Memorv, Inc.</u>	Flash Memory	800,000	\$ 4,800,000	\$ 4,800,000	Preferred Shares	
		1,666,666	\$ 10,018,045	\$ 9,999,996	Preferred Shares	
			\$ 14,818,045	\$ 14,799,996		8.62%
<u>ZocDoc Inc.</u>	Online Medical Services	200,000	\$ 3,563,178	\$ 3,500,000	Preferred Shares, A	2.04%
<u>ZoomSystems</u>	Smart e-tail (Retail)	1,250,000	\$ 260,317	\$ 250,000	Preferred Shares, A	0.15%
<u>Zvnga, Inc.</u>	Social Gaming	533,333	\$ 3,002,665	\$ 2,901,332	Common Shares	1.69%
Total Investments				\$ 171,598,410	\$ 8.88	
Cash Position				\$ 95,617,068	\$ 4.95	
Total NAV					\$ 13.83	

⁶ This information is taken from the company's SEC filings as of August 5, 2012. Current investments in the portfolio may differ from the information herein. Mention of specific companies not covered by Ladenburg Thalmann & Co. Inc. is not a recommendation to buy, hold or sell any of the securities mentioned.

Table 2: GSV – Quarterly Income Statement

QUARTERLY INCOME STATEMENT (All amounts are actual numbers)						
	CY 2011				CY 2012	CY 2012
	3/31/2011	6/30/2011	9/31/2011	12/30/2011	3/31/2012	6/30/2012
<i>Interest income</i>	\$ -	\$ -	\$ 52,222	\$ 106,167	\$ 112,101	\$ 102,883
<i>Dividend income</i>	\$ -	\$ -	\$ 1,186	\$ 2,753	\$ 5,704	\$ 7,471
Total Revenues	\$ -	\$ -	\$ 53,408	\$ 108,920	\$ 117,805	\$ 110,354
Operating expenses:						
<i>Investment management fees</i>	-	150,943	233,961	233,961	621,926	1,126,091
<i>Costs associated with Administrative Agreement</i>	-	113,035	192,031	249,166	345,594	602,201
<i>Insurance, Directors and other Professional expenses</i>	16,050	193,191	242,608	228,128	221,014	343,046
<i>Investor Relations expenses</i>	-	750	52,000	36,250	14,250	95,038
<i>Organizational expenses</i>	94,640	97,855	6,336	-	-	-
<i>Other expenses</i>	118	9,531	6,310	39,078	9,023	24,097
Total Operating Expenses	\$ 110,808	\$ 565,305	\$ 733,246	\$ 786,583	\$ 1,211,807	\$ 2,190,473
Net Investment loss	\$ (110,808)	\$ (565,305)	\$ (679,838)	\$ (677,663)	\$ (1,094,002)	\$ (2,080,119)
Net Realized Loss on Investments					\$ (256)	\$ 1,380,263
Net Change in Appreciation on Investments		\$ (59,634)	\$ (49,170)	\$ (1,025,996)	\$ 1,011,195	\$ (2,014,512)
Net Decrease in Assets from Operations	\$ (110,808)	\$ (624,939)	\$ (630,668)	\$ (1,703,659)	\$ (82,807)	\$ (5,474,894)
Weighted Average Shares	1,735,385	2,345,595	3,430,100	5,520,100	5,520,100	16,287,133
Net Decrease in Assets -- Per Share	\$ (0.06)	\$ (0.27)	\$ (0.18)	\$ (0.31)	\$ (0.02)	\$ (0.34)
% of TOTAL REVENUE						
Operating expenses:	N/A	N/A	1372.9%	722.2%	1028.7%	1985.0%
<i>Investment management fees</i>	N/A	N/A	438.1%	214.8%	527.9%	1020.4%
<i>Costs associated with Administrative Agreement</i>	N/A	N/A	359.6%	228.8%	293.4%	545.7%
<i>Insurance, Directors and other Professional expenses</i>	N/A	N/A	454.3%	209.4%	187.6%	310.9%
Net Investment loss	N/A	N/A	1372.9%	722.2%	1028.7%	1985.0%
Net Decrease in Assets from Operations	N/A	N/A	-1180.8%	-1564.1%	-70.3%	-4961.2%
% YEAR OVER YEAR INCREASE						
Total Revenues	N/A	N/A	N/A	N/A	N/A	N/A
Total Operating Expenses	N/A	N/A	N/A	N/A	N/A	N/A
Net Investment loss	N/A	N/A	N/A	N/A	N/A	N/A
% SEQUENTIAL INCREASE						
Total Revenues	N/A	N/A	N/A	N/A	N/A	N/A
Total Operating Expenses	N/A	N/A	29.7%	103.9%	8.2%	-6.3%
Net Investment loss	N/A	N/A	N/A	N/A	N/A	N/A

Source: Company Filings, and Ladenburg Estimates

Table 3: GSV – Annual Income Statement

ANNUAL INCOME STATEMENT (All amounts are actual numbers)	
	2011
<i>Interest income</i>	158,389
<i>Dividend income</i>	3,939
Total Revenues	\$ 162,328
Operating expenses:	
<i>Investment management fees</i>	618,865
<i>Costs associated with Administrative Agreement</i>	554,232
<i>Insurance, Directors and other Professional expenses</i>	679,977
<i>Investor Relations expenses</i>	89,000
<i>Organizational expenses</i>	198,831
<i>Other expenses</i>	55,037
Total Operating Expenses	\$ 2,195,942
Net Investment loss	\$ (2,033,614)
Net Change in Depreciation on Non-Control/ Affiliated Securities	1,579,800
	-
Net Decrease in Assets from Operations	\$ (3,613,414)
Weighted Average Shares	3,350,000
Net Decrease in Assets -- Per Share	\$ (1.08)
% of TOTAL REVENUE	
Operating expenses:	1352.8%
<i>Investment management fees</i>	341.4%
<i>Costs associated with Administrative Agreement</i>	418.9%
<i>Insurance, Directors and other Professional expenses</i>	1352.8%
Net Investment loss	-1252.8%
Net Decrease in Assets from Operations	-2226.0%
% YEAR OVER YEAR INCREASE	
Total Revenues	N/A
Total Operating Expenses	N/A
Net Investment loss	N/A

Source: Company Filings, Ladenburg Estimates

Table 4: GSV – Balance Sheet

BALANCE SHEET (All Amounts are actual numbers)					
	FY 2011			FY 2012	
	6/30/2011	9/30/2011	12/31/2011	3/31/2012	3/31/2012
ASSETS					
Taotal Investments (At Cost)	\$ 20,744,703	\$ 41,389,584	\$ 64,078,150	\$ 75,756,910	\$ 187,598,410
Cash and cash equivalents	24,214,777	32,098,207	27,386,039	91,391,344	79,617,068
Due from GSV Asset Management	46,236	809	13,470	14,220	5,901
Portfolio Company	26,217	30,000	9,249	70,145	246,065
Escrow Deposits	172,995	-	-	-	-
Prepaid expenses	228,384	138,692	92,750	18,212	9,399
Accrued Interest	-	52,222	158,389	258,739	191,639
Deferred Offering Costs	-	-	56,436	118,972	-
Dividend Receivable	-	-	-	2,786	2,314
Other Assets	26,148	6,456	3,759	59,417	83,606
Total current assets	\$ 45,459,460	\$ 73,715,970	\$ 91,798,242	\$ 167,690,745	\$ 267,754,402
LIABILITIES AND STOCKHOLDERS' EQUITY					
Due to GSV Asset Management	78,461	74	78,427	16,524	17,159
Due to other Affiliates	7,012	34,635	10,782	5,669	12,717
Payable for unsettled securities	-	-	19,999,128	-	-
Accounts Payable	7,055	388,812	206,357	316,880	705,028
Accrued Offering Costs	-	98,627	-	-	-
Accrued Expenses	101,510	5,793	300	2,564	159,444
Total Liabilities	\$ 194,038	\$ 527,941	\$ 20,294,994	\$ 341,637	\$ 894,348
Stockholders' Equity:					
Common stock	33,351	55,201	55,201	124,201	193,201
Additional paid-in capital	45,967,818	75,042,833	73,027,847	168,887,770	273,804,610
Accumulated Investment Loss	(676,113)	(1,356,201)	-	(1,094,002)	(3,174,121)
Accumulated net realized loss on investments	-	-	-	(256)	(1,380,519)
Accumulated depreciation on investments	(59,634)	(553,804)	(1,579,800)	(568,605)	(2,583,117)
Total stockholders' equity	\$ 45,265,422	\$ 73,188,029	\$ 71,503,248	\$ 167,349,108	\$ 266,860,054
Total Liabilities and Stockholders' Equity	\$ 45,459,460	\$ 73,715,970	\$ 91,798,242	\$ 167,690,745	\$ 267,754,402

Source: Company Filings, Ladenburg Estimates

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES**ANALYST CERTIFICATION**

I, Jon R. Hickman, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

COMPANY BACKGROUND

Structured as a non-diversified closed-end management investment company, GSV Capital has elected to be treated as a business development company under the Investment Company Act of 1940. GSV will investment in emerging, high-growth private companies with the goal of providing growth oriented investors a vehicle to participate in value creation happening in the private sector. The company is focused on the high-growth sectors in the economy including Social Media, Mobile Computing, Cloud Computing, Green Technology, and Education Technology. In general, the asset management team will acquire the investment positions directly from employees and early VCs, as well as primary shares directly from the company and from the emerging private marketplaces. The company is headquarter is Woodside, California

VALUATION METHODOLOGY

Our price target is based on the belief that the company's investments are already demonstrating notable appreciation from cost and the expectation of future liquidity events (IPOs and corporate transactions) that will provide GSV with the opportunity to exit its investments at higher valuations. We estimate that the portfolio today is worth about 23% more than the 6/302012 NAV of \$13.83.

RISKS

In light of the fact that GSV Capital's operating history is just more than six months and the portfolio holdings are all less than six months old, there are numerous risks associated with this young investment management company. Though the asset management team is experienced and has been successful in past endeavors, their track record with this current vehicle with a focus on private companies remains unproven. We believe that GSV investment strategies are sound and to date the investment selections appear to meet the stated criteria, but we also believe the company faces a number of risks, both operating and non-operating in nature. These potential risks to our investment thesis include, but are not limited to, the following:

- A disruption in the capital markets and the credit markets could negatively GSV's ability to affect the types of private equity transactions it is seeking. A significant downturn in the general economy would likely negatively impact market valuations for the portfolio holding and negatively impact potential shareholder returns.
- The company is currently generating operating expenses of roughly \$230,000 per month. A portion of these expenses are related to the company's structure as publicly traded company.
- GSV's business model depends heavily upon the development and maintenance of strong referral relationships with private equity and venture capital funds and investment banking firms. If these relationships were to be interrupted the company's deal sourcing activities could be negatively impacted.
- There are significant potential investment risks relating to investing in securities traded on private secondary markets. The liquidity in these types of issues is generally very low and this could affect valuations.
- Because the investments in the GSV portfolio will generally not be in publicly traded securities, there will be a large degree of uncertainty regarding the value of the investments, which could adversely the perceived value of the portfolio.
- Additionally, there is no assurance that in the future the private companies in the GSV portfolio will be able to create a liquidation opportunity for the GSV shares such as an IPOs or outright sale for cash or shares of a public entity.
- The company's inability to raise additional investment capital and grow the portfolio will negatively impact the relative size of the investment management and operating fees.
- As a newly listed company on the NASDAQ, it is possible that in the future the company may fail to meet listing requirements of the NASDAQ Stock Market.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS (AS OF 7/31/2012)

Buy:	77%	(31% are banking clients)
Neutral:	22%	(8% are banking clients)
Sell:	1%	(0% are banking clients)

COMPANY SPECIFIC DISCLOSURES

Ladenburg Thalmann & Co. Inc. makes a market in the subject company. Ladenburg Thalmann & Co. Inc. had an investment banking relationship with the subject company in the last 12 months. Ladenburg Thalmann & Co. Inc. acted as Co-Manager in secondary offerings for the subject company in the last 12 months. Ladenburg Thalmann & Co Inc. received investment banking related compensation related to those offerings in the last 12 months. Ladenburg Thalmann & Co. Inc. has a non-investment banking securities related relationship with members of the Board of Directors. Neither the Analyst, nor members of the Analyst's household, own any securities issued by GSV Capital Corp.

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Additional Information Available Upon Request

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