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## The Tattoo Generation

### Market Snapshot

Indices	Week	YTD
GSV 300	-1.5%	14.4%
S&P 500	-1.0%	1.1%
Dow	-1.3%	0.0%
NASDAQ	-1.3%	4.1%
Russell 2000	-1.0%	3.9%
MSCI	-0.4%	8.7%

Valuations	P/E Fwd	P/E/G
GSV 300	24.6x	0.7x
S&P 500	18.2x	2.9x

I-Rates	Now	YTD
10-Year Note	1.87%	-13.8%
3-Month Bill	0.01%	-75.0%

Sentiment	Current
Bull-Bear	32.1-22.8
Put-Call	1.12
Vix	13.89

Inflation	Now	YTD
Gold	\$1,203	1.6%
Oil	\$57.73	0.7%

Mutual Funds	Week
Fund Flows (bil)	\$0.2

Growth-Value	'00-09	'09-Now
Growth	-34%	193%
Value	87%	108%

Source: WSJ, Yahoo Finance, [amgdata.com](http://amgdata.com)

I was born into the Baby Boom Generation, which is made up of the kids hatched in the United States between 1946 and 1964... the bookends being the end of World War II and the invention of the birth control pill.

The era I grew up in was characterized by an America that seemed invincible, upwardly mobile, and safe. As a kid, I was allowed to ride my banana seat bike from dawn to dusk as far as my wheels would take me.

I grew up believing America was not only the greatest country on Earth, but also the fairest and most righteous. The American Dream was alive and well and if we could put a Man on the Moon (first!), we could do just about anything.

We had a well-defined enemy — the Soviet Union — and a “Cold War”. But we didn’t have 24-Hour news channels or the Internet to keep these threats in our face all day. Besides, the 1980 “Miracle on Ice” Olympic hockey TEAM smoked the Soviets in Lake Placid, so what could be better than that?

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With Millennials (born between 1980 and 2000) coming of age, sociologists and pundits are trying to define how this generation thinks and what makes it different. Millennials in the United States outnumber Baby Boomers, and the borderless, interconnected World really makes this the first Global Generation with over 2.3 billion members. Understanding what makes them tick is **Uber** important.

Unlike the “Leave it to Beaver” Baby Boomer environment, the Millennials grew up in a hot World with countries disintegrating in front of their eyes, and institutions of all stripes losing credibility.

The “Fall of the Wall” in Berlin in 1989 was a catalyst for Global Capitalism — but also for a global map of power politics prone to rapid change.

Inside the United States, the Oklahoma City Bombing in 1995, the Columbine shooting in 1999, and the September 11th terrorist attacks left parents feeling much less secure about exposing their children to the outside World. Playing video games at home was a safe activity compared to being out in a dangerous society.

Growing up as Digital Natives in a global community allowed Millennials to create their own language and customs. Filmmaker and Millennial expert, Josh Tickell, expanded on this concept at GSV’s recent Education Innovation summit in Arizona. His remarks can be viewed [HERE](#).

### Speaking “Millennial”

#### *Common Phrases + Translations*

Term	What it Means
BTDT	Been There, Done That
BTW	By the Way
DEGT	Don’t Even Go There
DWTTAI	Don’t Want to Talk about It
ITRW	In the Real World
IWY	I Want You
IYKWIM	If You Know What I Mean
IYW	If You Wish
LOL	Laughing Out Loud
LYMYWY	Love You, Miss You, Want You
SMH	Shaking My Head
TBH	To B Honest
WTF	<i>You Know...</i>
YOLO	You Only Live Once

Source: Josh Tickell, GSV

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Having the President of the United States say with a straight face that, “It depends what the meaning of 'is' is,” provides a datapoint as to why Millennials are basically apolitical and don’t believe in government. Going to War in Iraq under the premise that Saddam Hussein had Weapons of Mass Destruction and finding none further fed distrust. “Change You Can Believe In” was probably the nail in the coffin.

Watching their parents lose their jobs, houses, and self-esteem during the 2008 financial crisis — along with big banks being cut down to their knees — instilled a self-reliant ethos amongst Millennials. At the same time, the promise of college education as a guaranteed pathway to opportunity, regardless of debt burden, turned out to be a lie.

Despite this, Millennials are as optimistic about the future as any generation before them.

### **The Tattoo Generation**

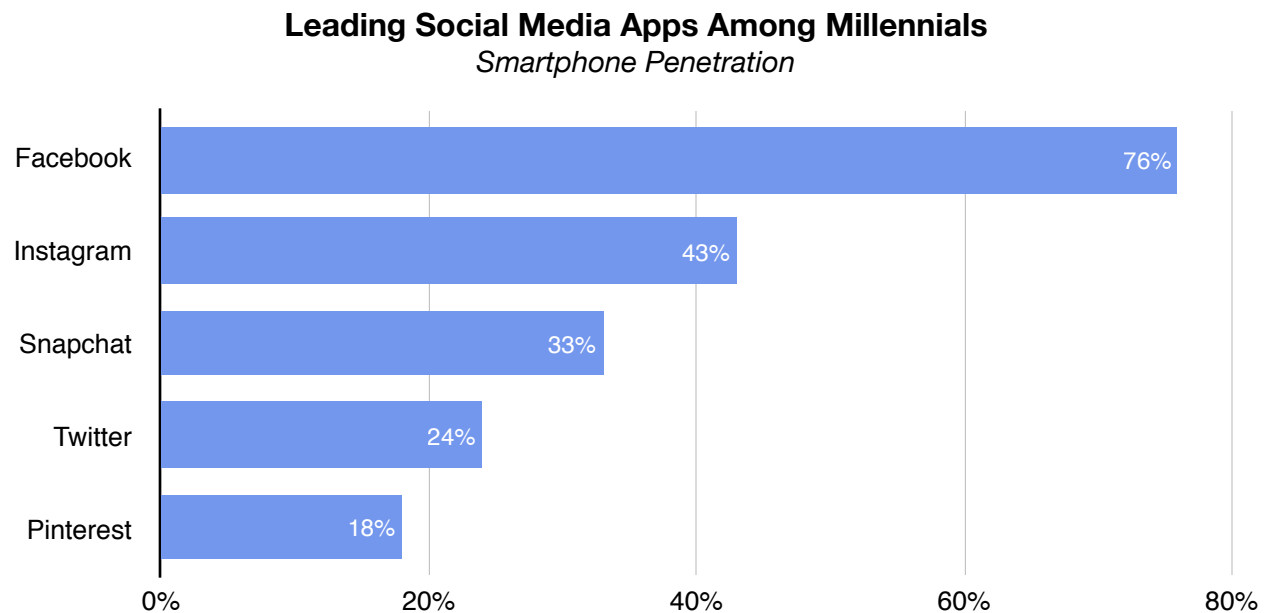
*San Francisco 49ers Quarterback, Colin Kaepernick*



Source: New York Times

So what's the deal with tattoos and why do nearly 40% of Millennials have one? From my experience, it was always the person who had the strictest parents that went wild when they got to college. If you grew up in an environment where parents were naturally trying to protect you from the big, bad World out there, when you actually got out in it, you wanted to show a little independence and self-expression. This is who I am and what matters to me. Makes sense.

It also makes sense that most Millennials prefer jobs that let them travel. Sure, they've been exposed to a variety of cultures on **Instagram**, **Facebook**, **Twitter** and **Pinterest**. But travel is freedom. (Disclosure: GSV owns shares in Facebook and Twitter)



Source: comScore

## Inflection Point

Millennials represent an inflection point in world history. This is the last generation that will remember humanity without the Internet. Millennials are experiencing a period of ubiquitous global connectivity and transparency, yet they also face great global unrest and challenges on an unprecedented scale, from climate change to the proliferation of nuclear weapons.

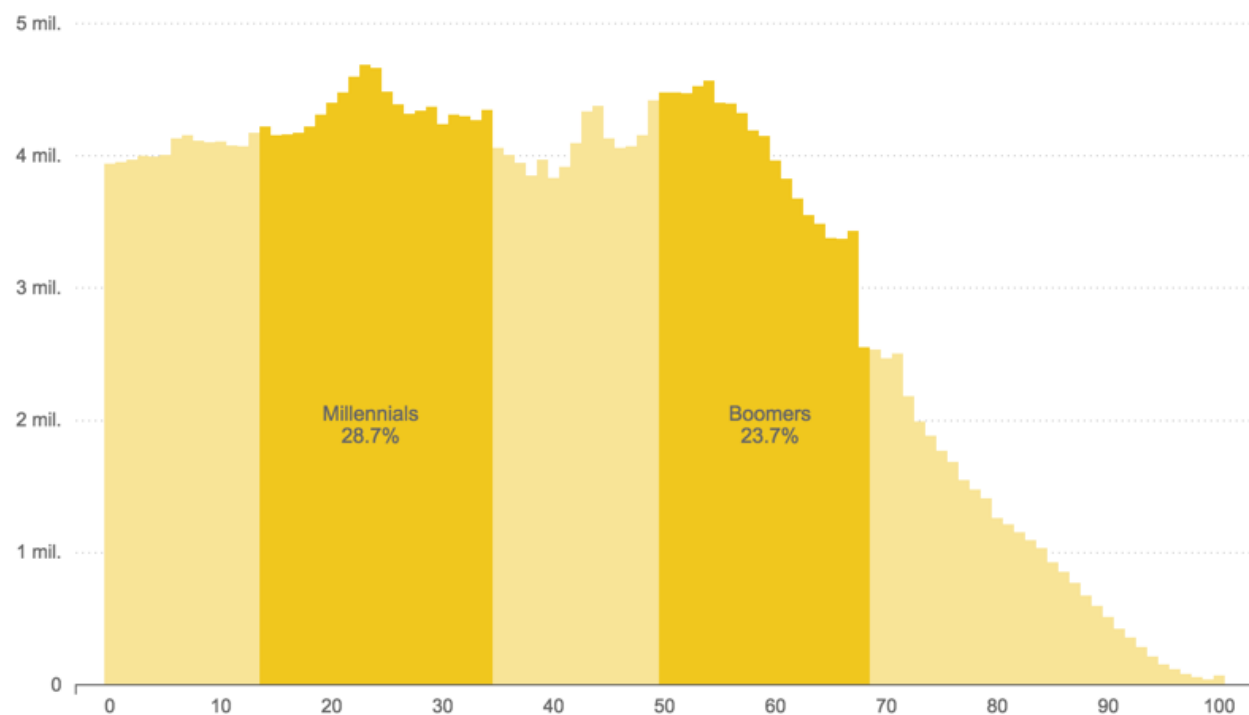
### The Rise of the Millennials

	Baby Boomers	Generation X	Millennials
<b>Birth Years</b>	1946-1964	1965-1979	1980-2000
<b>Current Age</b>	51-70	36-50	15-35
<b>Total Population</b>	75 million	66 million	86+ million
<b>Famous People</b>	Steve Jobs Oprah Winfrey Billie Jean King	Sheryl Sandberg Janet Jackson Michael Jordan	Mark Zuckerberg Taylor Swift LeBron James
<b>Key Characteristics</b>	Optimistic Driven Conservative	Cynical Pragmatic Independent	Entrepreneurial Informal Hyperconnected

With 86 million members, the Millennial generation is the biggest in U.S. history — even bigger than the Baby Boomers. We look at the fundamentals of Millennials through our “**Mind, Body, Soul**” framework to understand how they will transform all aspects of society.

### U.S. Estimated Population, By Age

*Millennials make up the largest share of the U.S. population, at 28.7 percent.*



Source: U.S. Census Bureau, NPR

## Mind

*Consumers: Brand-Conscious, Renters + New Models*

From homes, to cars, music and luxury goods, Millennials are reluctant to buy. Instead, they're turning to a new set of services that provide access to products without the burdens of ownership, giving rise to what's being called a "sharing economy."

**"Renting" Everything**

Type	Example(s)	Description	Cost
<b>Cars</b>	Lyft, Uber	Marketplace/peer-to-peer networks of on-demand drivers, delivering 1M+ rides per day	Per Ride
<b>Clothes</b>	Rent the Runway, Le Tote, Tie Society	Designer clothes and accessories on demand	\$11+ per month
<b>Toys</b>	Pley	Rent any of the site's 275 Lego sets, which are categorized by size, age level, and theme	\$15+ per month
<b>Records</b>	Vnyl	Three handpicked LPs delivered per month based on personal music preferences	\$15+ per month
<b>Books</b>	Kindle Unlimited, Oyster, Scribd	Access millions of E-Books on demand	\$9+ per month
<b>Concerts</b>	Qello	Stream 2,000+ full-length concerts	\$5+ per month
<b>Art</b>	Get Art Up	Rent original contemporary art for a monthly fee	\$55+ per month
<b>Planes</b>	Surf Air	Members-only airline with unlimited in-state flights	\$1,750+ per month
<b>Video Games</b>	PlayStation Now	Stream unlimited PlayStation games	\$15+ per month

Source: *San Francisco Magazine*

**New Models & Institutions**

Old Institution/Model	New Institution/Model
Bank	Lending Club, Prosper
Newspaper	Twitter, OZY, Vice, Flipboard
Hotel	Airbnb
Bulletin Board	Pinterest
Taxi	Lyft, Uber
Photos	Instagram, Snapchat



Millennials don't make purchases the same way prior generations do. They account for more than \$1 trillion in U.S. consumer spending and are heavily influenced by perception of social impact. In fact, 89% of Millennials indicate that they actively aim to make purchases from companies that are committed to solving societal issues, from pollution to poverty.

**Top 15 Millennial Consumer Brands**

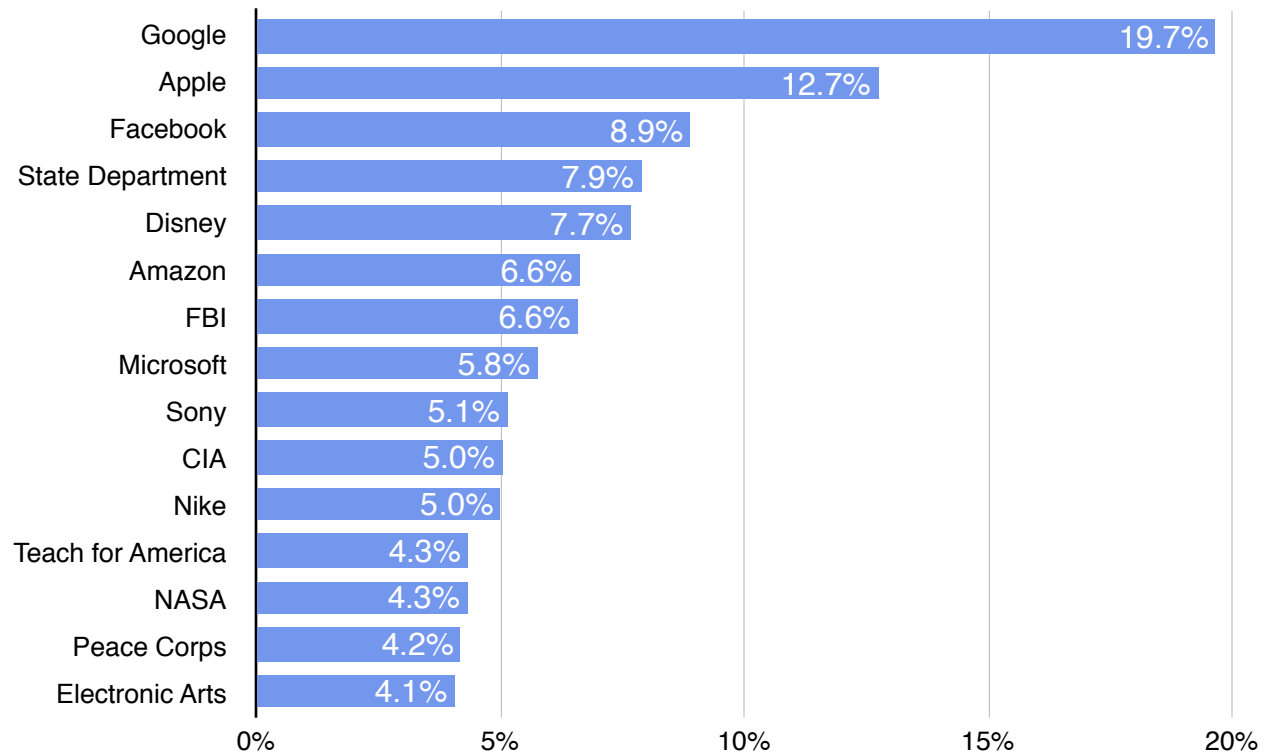
	Brand	Market Cap
1	Nike	\$84.7B
2	Apple	\$726.6B
3	Samsung	\$217.4B
4	Sony	\$34.6B
5	Walmart	\$251.3B
6	Target	\$51.4B
7	Microsoft	\$341.4B
8	Coca-Cola	\$176.0B
9	Nike-Jordan	NA
10	Pepsi	\$142.0B
11	Amazon	\$174.4B
12	Google	\$356.7B
13	Nintendo	\$24.1B
14	Adidas	\$15.0B
15	Dell	NA

Source: Adweek, Moosylvania

**Workforce: Mission vs. Margin**

Millennials will make up as much as 75% of the U.S. workforce by 2025. Seventy percent of Millennials say a company's commitment to the community would influence their decision to work there. And over 64% of Millennials would rather make \$40,000/year at a job they love than \$100,000/year at a job they think is boring.

An examination of the top 15 companies or organizations where Millennials would like to work provides further insight into this mindset. Outside of the high tech sector, the type of employers that are most appealing to Millennials are those whose mission is to change the world for the better.

**Top 15 Companies Where Millennials Would Like to Work**

Source: Brookings Institution, Goldman Sachs, Nielsen

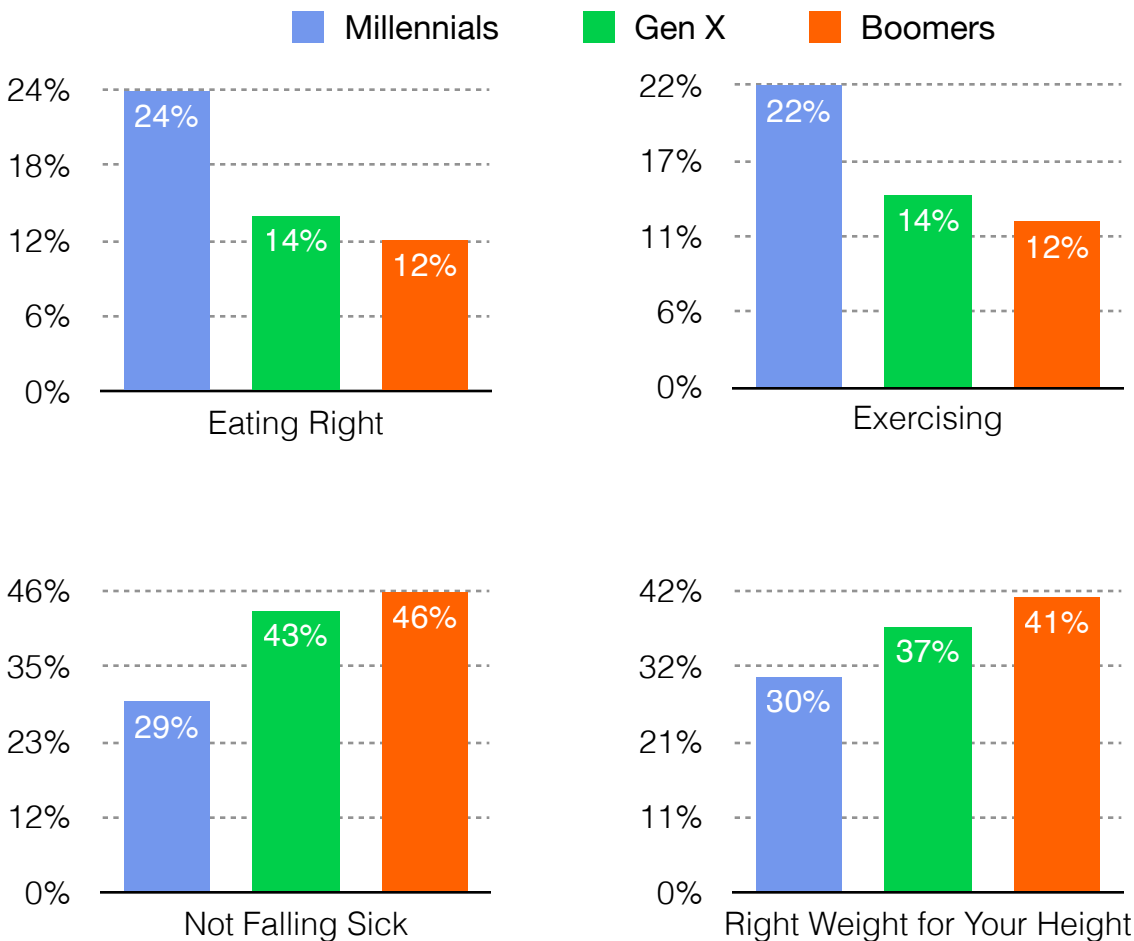
Millennials advocate strongly for work-life balance, and have few qualms about leaving jobs that don't meet their expectations. A 2012 Net Impact survey found that young workers are more concerned with finding happiness and fulfillment at the office than workers of past generations. The study also found that 88% saw a "positive culture" as essential to their dream job, and that 86% felt the same way about work they found "interesting."



## Body

For Millennials, “healthy” doesn’t just mean “not sick”. It’s a daily commitment to eating right and exercising. The metric for success for Millennials stands in dramatic contrast with those of prior generations, as the data shows.

### How Different Generations Define Being Healthy



Source: Brookings Institution, Goldman Sachs, Nielsen

## Soul

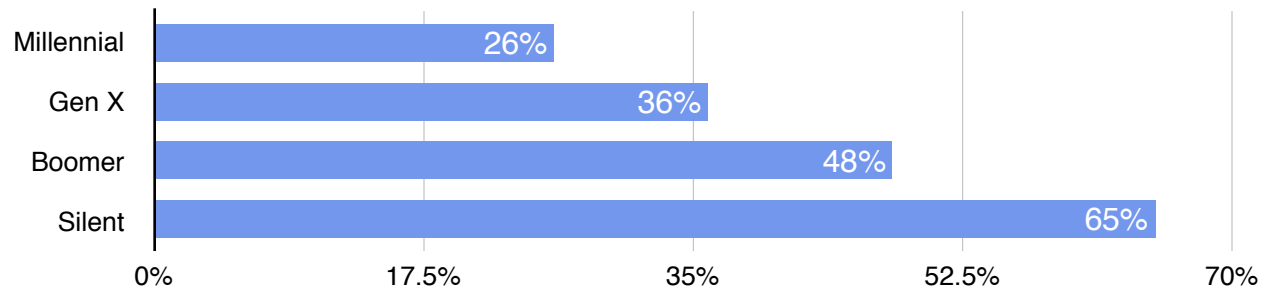
While Millennials have been called the “ME” generation by some, they care deeply about philanthropy. Roughly three-quarters of Millennials made a financial gift to a non-profit last year. But Millennials don’t just give, they evangelize. Three-quarters of this generation, for example, has shared information about events from a non-profit on **Facebook**. (Disclosure: GSV owns shares in Facebook)

At the same time, Millennials keep their distance from a core institution of society — marriage. In fact, just 26% of Millennials are married. When they were the age that

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Millennials are now, 36% of Generation X, 48% of Baby Boomers, and 65% of the members of the Silent Generation were married.

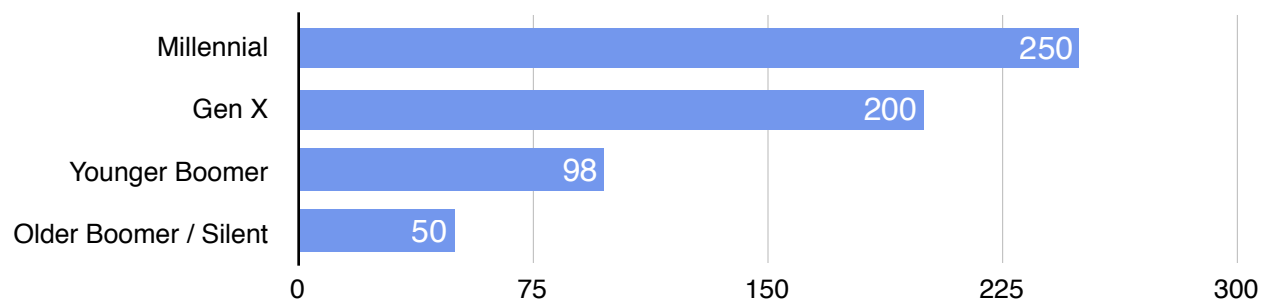
### Percentage of Population Married at Age 18 to 32, by Generation



Source: Brookings Institution, Goldman Sachs, Nielsen

The median marriage age was 23 years old in the 1970s. It is now 30 years old. But a full 70% and 74% of Millennials say they want to get married and have children, respectively. Perhaps this gives them more time to make friends. Facebook's mission is to make the world more open and connected. Millennials seem to have fully embraced this mission.

### Median Number of Friends Per Person, by Generation



Source: Brookings Institution, Goldman Sachs, Nielsen

## On The Brink

Troublingly, Millennials in the United States consistently score below many of their international peers on literacy, numeracy and problem solving skills assessments... a trend that has been getting worse in recent years.

**Top 10 Countries by Millennial Skills**

Rank	Country	Avg. Literacy + Numeracy Skills Score
1	Finland	299
2	Japan	298
3	Netherlands	292
4	Belgium	286
5	South Korea	286
6	Sweden	285
6	Czech Republic	284
6	Estonia	283
9	Australia	283
10	Denmark	280
10	<b>OECD Average</b>	<b>279</b>
19	<b>United States</b>	<b>265</b>

Source: ETS

The desire of Millennials for pragmatic action that brings results will overtake today's emphasis on ideology and polarization as Boomers finally fade from the scene. The distinctive and widely-shared attitudes and beliefs of this generation will slowly, but surely, reshape corporations in its image and end the confrontational and bottom-line oriented world that Boomers and Gen-X'ers have created.

As Millennials become CEOs, Governors and Presidents (as early as the 2020 election), they will evolve the purpose of companies and nations and bring strategies into alignment with their values and beliefs. The evolution is already underway.

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Ugly events in Greece and China hit U.S. Stocks Friday, resulting in a weekly fall of 1.3% for NASDAQ, 1.0% for the S&P 500, and 1.5% for the GSV 300. The 10-Year Note yield fell 8 bps to 1.87%.

## World Indices

America	Index	4/19/15	YTD	Week	Euro-Asia	Index	4/19/15	YTD	Week
<b>US</b>	GSV 300	110	14.4%	(1.5%)	<b>China</b>	SSE	4,287	32.5%	6.3%
	NYSE	11,059	2.0%	(0.5%)		Heng	27,653	17.1%	1.4%
	Dow	17,826	0.0%	(1.3%)	<b>Singapore</b>	Straits	3,525	4.8%	1.5%
	NASDAQ	4,932	4.1%	(1.3%)		JKSE	5,411	3.5%	(1.5%)
	NASDAQ-10	4,352	2.7%	(1.6%)	<b>Japan</b>	Nikkei 225	19,653	12.6%	(1.3%)
	Russell 2000	1,252	3.9%	(1.0%)		Sensex	28,442	3.4%	(1.5%)
	S&P 500	2,081	1.1%	(1.0%)	<b>Russia</b>	RTS	1,657	18.6%	(0.0%)
<b>Brazil</b>	Bovespa	53,955	7.9%	(0.5%)	<b>France</b>	CAC 40	5,143	20.4%	(1.9%)
<b>Mexico</b>	IPC	45,012	4.3%	0.3%	<b>Germany</b>	DAX	11,689	19.2%	(5.5%)
<b>Canada</b>	S&P TSX	15,361	5.0%	(0.2%)	<b>UK</b>	FTSE 100	6,995	6.5%	(1.3%)

Source: Yahoo Finance, GSViQ

**Netflix** reported a gigantic quarter adding nearly 5 million new subscribers, with sales of over \$1.6 billion. Bingers of *House of Cards* and the *Unbreakable Kimmy Schmidt* were contributors to the massive beat. Netflix shares were up 25.7% for the week.

Just when the pundits were talking about a slowing of the IPO Market, six new issues priced last week, raising \$1.4 billion. **Etsy** and **Party City** were the stars of the week, with both trading up nicely.

We continue to be BULLISH on growth stocks and see the fundamentals and price action confirming our view.

### Bubblin

From [Luben](#)

### Slack Attack

Email might be going away — finally! While kids have moved away from using email for a long time already, adults still *waste* a lot of time on reading and responding to emails. A recent survey of 150 U.K. businesses indicates that workers waste an hour a day to go through emails that they don't gain any knowledge/value from. If you add the 1-2 hours that are wasted on commuting, you get to about 3 hours of wasted time per day!

Twenty+ years ago, emails were revolutionary. Suddenly you were able to communicate with anyone, anywhere on the planet, instantly and for no cost. Most people didn't have personal computers and Internet cafes were booming. Fast forward to today, and we've come to a point where we are getting bombarded with emails, almost by the minute. Every time I get on a 12 hour flight across the Atlantic, I end up wasting 20+ minutes to filtering through all the junk... And not to mention, the Reply-All function gets misused by 90% of people.

Luckily, we live in times of innovation. **WhatsApp** was among the first chat apps to possibly replace work email. With simple options including group chats, absence of a Reply-All function, or voice messaging, WhatsApp works well for small businesses. While it has blown past telcos and disrupted SMS, it has yet to prove itself in the work environment. WhatsApp is already the most popular communication platform in the World and it just announced it passed 800 million monthly active users! They might celebrate the New Year at a Billion! (Disclosure: GSV owns shares in Facebook)

Similarly, **Tencent's** WeChat has captured China by storm and counts over 500 million active users. It is not only used for personal messaging, but also for business communication. And unlike elsewhere, WeChat is replacing email to a strong degree in the business space. (Disclosure: GSV owns shares in Tencent).

The most promising startup to likely kill email might be **Slack** — a one year old, San Francisco based company. With 750,000 daily active users and 200,000 of them being paying users, Slack is considered the fastest growing business application of all time. Along with that, there is an expensive price tag: Slack just raised \$160 million at a \$2.8 billion valuation...or a mind-blowing \$3,733 per active user. Compare that to **Snapchat's** \$15 billion valuation and the estimated 200 million active users, or \$75 per user. Or when **Facebook** tried to buy Snapchat for \$3 billion when it had ~25 million active users, or \$120 per user.

Slack's and Snapchat's models are obviously different, and while Snapchat is free to use, it is estimated that its CPM is as high as \$100. Slack meanwhile has a paid version and is a business communication app. So the expectation is that Slack's revenue per user will be relatively high.

## A 2 Apple

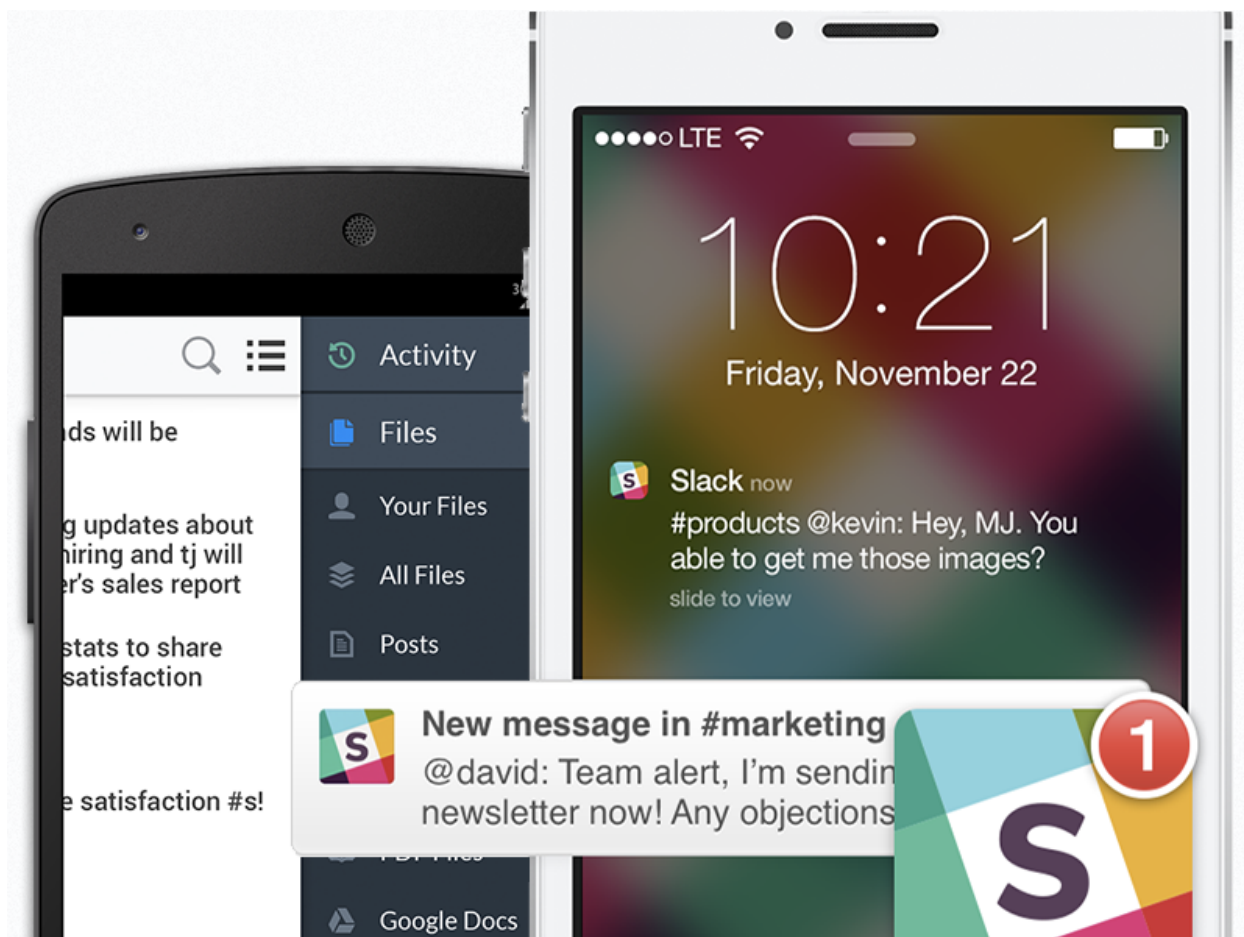
April 19, 2015

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For this valuation to be justified, Slack will need to grow its user base ~10x over the next 12-18 months, and to maintain a high conversion rate of paid users. With 10 million active users and with more than half of them paying \$10 per month, you get to a point where you have better visibility, in my opinion. If they hit such milestones, they will have lots of flexibility to increase the subscription per user to \$20 or even \$30 per month, in my opinion. If they manage to gain such strong traction, they could get to \$1 billion in revenue pretty fast — 5 million paying users, paying on average \$16 per month...

It is promising that adoption rates appear to be high already. Many startups have adopted Slack as their internal communication platform, essentially replacing email, and satisfaction rates seem to be high. Many startups I've talked to say they love the product and use it instead of email. Another obvious point is that time spent on Slack is very high — unlike chat apps, work apps consume much more time on a daily basis. Considering that we spend about 30% of our work time on email, this implies that Slack's potential use could be between two and four hours a day.

With the fresh \$180 million coming from an A-list of investors including DST, IVP, Index, Horizon Ventures, Spark Capital, A16Z, Kleiner Perkins, and Google Ventures, Slack is becoming one of the most important Silicon Valley startups. We are moving Slack high on our priority list!



## AO X Portfolio

The AlwaysOn X portfolio was down 0.5% last week, NASDAQ dropped 1.3% and the S&P 500 was off 1.0%. For the year, the AO X is up 8.4%, NASDAQ is up 4.1%, and the S&P 500 is up 1.1%.

## Best and Worst Weekly Performers

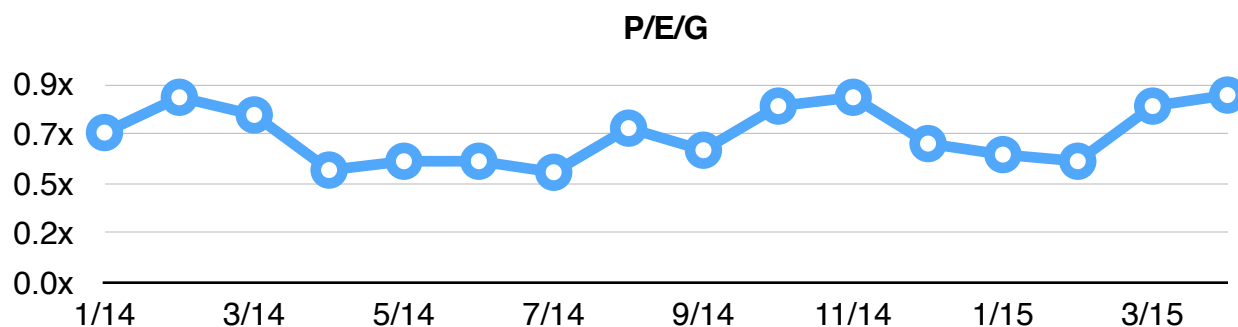
Ticker	Company	Week	Ticker	Company	Week
1 WUBA	58.com	30.5%	1 CKT.V	Cricket Media	(34.7%)
2 NFLX	Netflix	25.9%	2 TCEHY	Tencent	(5.6%)
3 RUBI	Rubicon Project	4.6%	3 FEYE	FireEye	(5.6%)
4 VA	Virgin America	4.1%	4 CMCN	Cheetah Mobile	(3.8%)
5 ZEN	Zendesk	2.5%	5 BIDU	Baidu	(3.3%)
6 TWOU	2U	1.9%	6 VIPS	Vipshop	(3.1%)
7 ENPH	Enphase	1.9%	7 BABA	Alibaba	(3.1%)
8 AKRX	Akorn	1.1%	8 CELG	Celgene	(3.0%)
9 ATHM	Autohome	0.5%	9 GSVC	GSV Capital	(2.9%)
10 JD	JD.com	0.1%	10 TWTR	Twitter	(2.4%)

**Netflix** was the first of our positions to report Q1 results and impressed: net new member adds were significantly higher than expected at 4.88 million, which was an increase of 12% versus a year ago. With 62.2 million total members who have streamed over 10 billion hours of content, Netflix continues to be a major threat to cable companies. NFLX shares responded by jumping 25.9% for the week.

China's Craigslist – **58.com** announced it is acquiring 43.2% of its major rival **Ganji.com**, and at the same time **Tencent** is increasing its own position in 58.com with an additional \$400 million investment. 58.com's marketing spent is now expected to drop significantly and its revenue should get an additional boost. As a result, WUBA shares rocketed 30.5% for the week, while TCEHY dropped 5.6%.

We initiated a new, 2% position in Solar panel inverter leader **Enphase**. Additionally, we added 100 basis points to each, **JD.com** and **Virgin America**.

Currently the fund's median forward P/E is 30x while the median forward EPS growth rate is 35%, or a 0.9x P/E/G. That compares to the S&P 500's 18x forward P/E and 6% forward EPS growth rate, or a 2.9x P/E/G. Our goal is to invest in the best growth companies with the highest earnings growth, while keeping the overall P/E/G low.





## A 2 Apple

April 19, 2015

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You can learn more about investing in the GSV X Fund [here](#). The GSV X Fund is a long-short fund with a nearly identical investment approach (on the long side) to the AO X portfolio.

4/18/15

		Last	Day	Posi-	Mkt		Mkt					
				tion	Value	Gain/	Cap	Fwd.	P/S	LTG		
Company	Ticker	Price	Chng		(mil)	Loss	(\$mil)	P/E	LTM	(%)	P/E/G	
Apple	AAPL	\$124.67	(1.2%)	4.1%	\$16.4	8%	735,666	15.0x	3.7x	13	1.2x	
Akorn	AKRX	\$53.32	0.3%	1.9%	\$7.7	36%	5,907	27.0x	9.8x	28	1.0x	
Autohome	ATHM	\$50.23	(3.2%)	2.3%	\$9.1	3%	5,603	34.0x	16.3x	36	0.9x	
Alibaba	BABA	\$81.95	(2.5%)	1.0%	\$4.0	(10%)	211,422	30.0x	18.5x	30	1.0x	
Baidu	BIDU	\$207.72	0.4%	1.7%	\$6.7	(11%)	75,096	30.0x	9.5x	38	0.8x	
Celgene	CELG	\$113.59	(2.4%)	5.1%	\$20.2	11%	92,692	24.0x	12.1x	26	0.9x	
Chegg	CHGG	\$7.96	(1.8%)	4.2%	\$16.9	(21%)	688	NA	2.3x	360	-	
Cricket Media	CKT.V	\$0.16	0.0%	0.3%	\$1.1	(91%)	1	NA	0.1x	NA	-	
Cheetah Mobile	CMCM	\$22.73	(1.0%)	3.0%	\$12.1	7%	3,178	33.0x	11.2x	130	0.3x	
Tableau Software	DATA	\$95.02	(6.1%)	3.7%	\$14.8	63%	6,762	NA	16.4x	40	-	
Enphase	ENPH	\$13.69	(2.1%)	2.0%	\$8.2	2%	599	51.0x	1.7x	31	1.6x	
Facebook	FB	\$80.80	(1.8%)	5.2%	\$20.8	283%	233,759	43.0x	18.8x	31	1.4x	
FireEye	FEYE	\$40.84	(2.8%)	1.4%	\$5.6	(1%)	6,501	NA	15.3x	35	-	
Gilead	GILD	\$101.41	(1.9%)	1.8%	\$7.2	(3%)	152,232	11.0x	6.1x	26	0.4x	
GSV Capital	GSVC	\$9.65	(2.6%)	7.2%	\$28.6	(19%)	192	28.0x	NA	NA	-	
JD.com	JD	\$33.25	(2.1%)	3.3%	\$13.0	18%	45,374	NA	2.4x	35	-	
Netflix	NFLX	\$572.42	1.8%	2.9%	\$11.5	63%	32,211	NA	5.5x	24	-	
Rubicon Project	RUBI	\$18.15	0.4%	2.7%	\$10.8	69%	636	80.0x	5.1x	66	1.2x	
Tencent	TCEHY	\$19.87	(3.8%)	3.5%	\$14.1	39%	194,553	38.6x	15.3x	NA	-	
2U	TWOU	\$25.50	1.6%	3.5%	\$14.2	83%	1,034	NA	9.4x	37	-	
Twitter	TWTR	\$50.70	(2.6%)	9.9%	\$39.6	26%	33,169	NA	23.6x	75	-	
Virgin America	VA	\$30.50	(0.8%)	1.7%	\$6.6	(21%)	1,298	7.0x	0.9x	77	0.1x	
Vipshop	VIPS	\$29.06	(0.3%)	6.8%	\$27.0	919%	16,545	55.0x	4.4x	88	0.6x	
58.com	WUBA	\$70.67	4.6%	1.5%	\$6.0	56%	5,985	NA	22.6x	65	-	
TAL Education	XRS	\$35.91	0.3%	3.4%	\$13.6	33%	2,870	29.0x	7.2x	27	1.1x	
Zendesk	ZEN	\$23.34	(2.3%)	2.5%	\$9.9	44%	1,868	NA	14.7x	35	-	
Day Performance			(1.4%)	YTD	ITD	2014	2013	2012	2011	2010	2009	
				AO X	8.4%	299.5%	0.6%	74.0%	7.0%	4.6%	25.1%	50.5%
				S&P 500	1.1%	123.4%	11.4%	29.6%	13.4%	(0.0%)	12.8%	19.7%
				NASD	4.1%	202.2%	13.4%	38.3%	15.9%	(1.8%)	16.9%	39.0%
				Long	87%	\$345.7	Median	6,243	30.0x	9.5x	35	0.9x
				Cash	13%	\$53.7	Average	71,763	33.5x	10.1x	59	0.6x
				NAV	100%	\$399.5						
Source: Yahoo Finance, Wonda												

Source: Yahoo Finance, Wonda

**Pioneer Notes**[\*By Li\*](#)

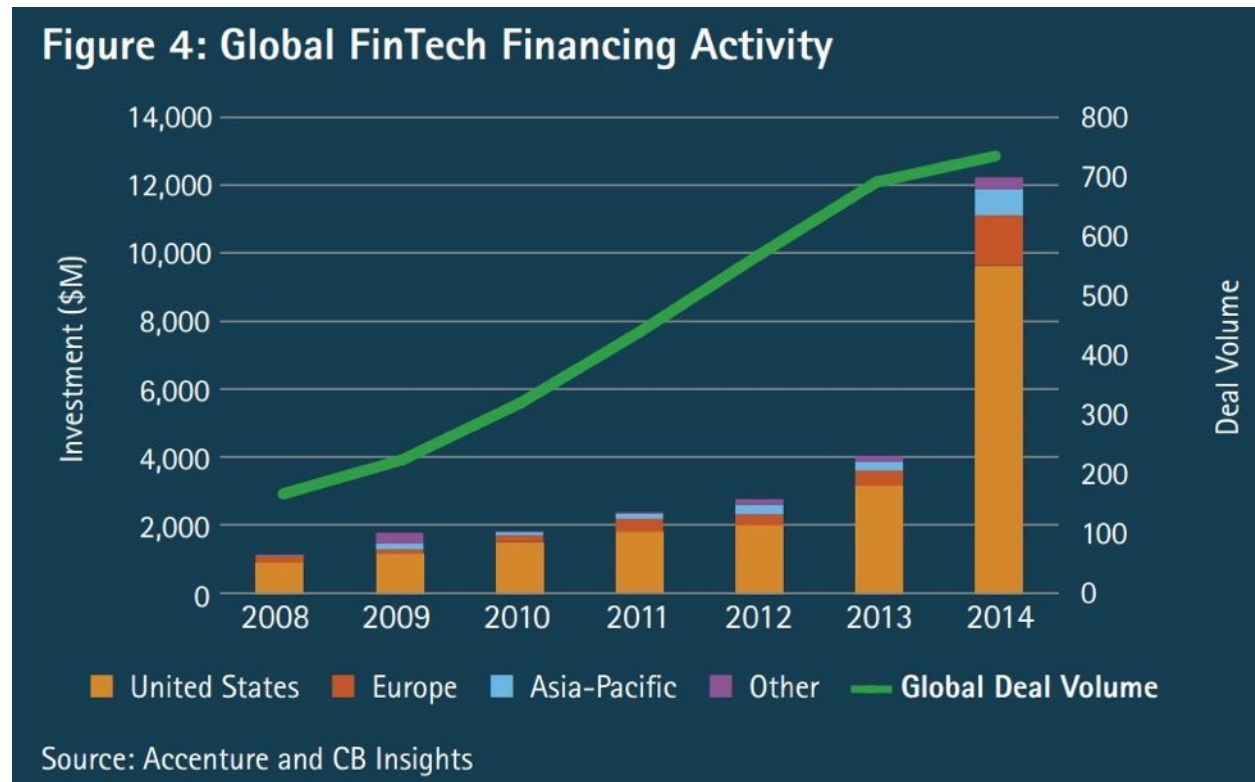
## 10 Transformative Ideas: Part 1

Technology will transform near every industry in the next decade. This “revolution” won’t be televised because it won’t happen on any one particular day, but it will be tweeted, blogged, or otherwise shouted from the digital mountaintops by the global technology citizenry.

Valuations for private companies might be high, but there is certainly no bubble in technology. I think of technology as the development of new tools to better the human condition. To believe that there is a bubble in *technology* is to also believe we are at some historical maxima where technological progress has peaked (at least for a while). I don’t believe that to be the case.

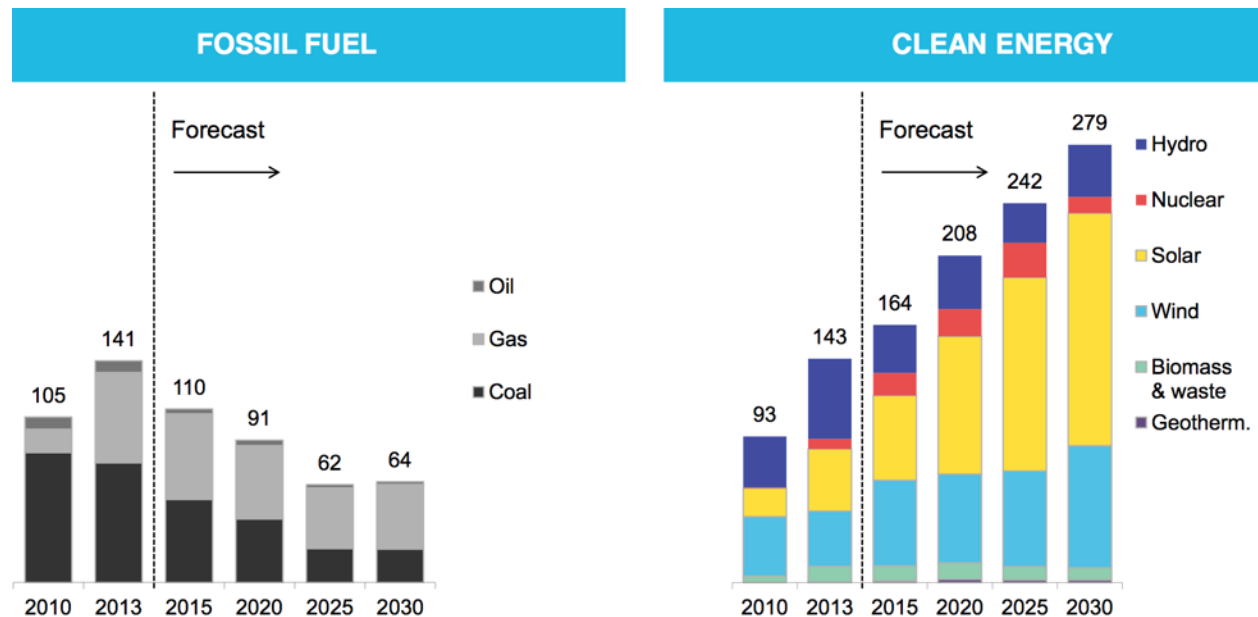
Here are just a few of the many ways that the world will be transformed. (This is part 1, part 2 next week will highlight 5 more transformative ideas)

**1. Occupy Wall Street—2015 Style.** Instead of protesting the current financial system, entrepreneurs are building new platforms to invest and grow capital. Millennials trust global tech brands like **Apple** and **Google** to move their money around than the traditional retail banking system. I’m much more likely to get **Venmo**-ed some money than get **Bank-of-America**-ed some money today. (Disclosure: GSV owns shares in Apple)



**2. Dear Our Digital Overlords.** No, I'm not a doomsday predictor and I don't believe Terminator-like machines will threaten the human race anytime soon, but **The Boston Consulting Group** [has already projected that](#) by 2025, machines will take up 23% of jobs that can be automated (up from 10% today). And remember, consultants and most other experts make linear predication, while in actuality, technology progresses in an exponential fashion.

**3. Cleantech — Rising from the Ashes.** While many thought that cleantech was a dying category, the data speaks otherwise. In 2013, the world added more renewable energy production than coal, natural gas and oil combined. And there is no going back. The shift will continue to accelerate, and by 2030 more than four times as much renewable capacity will be added.

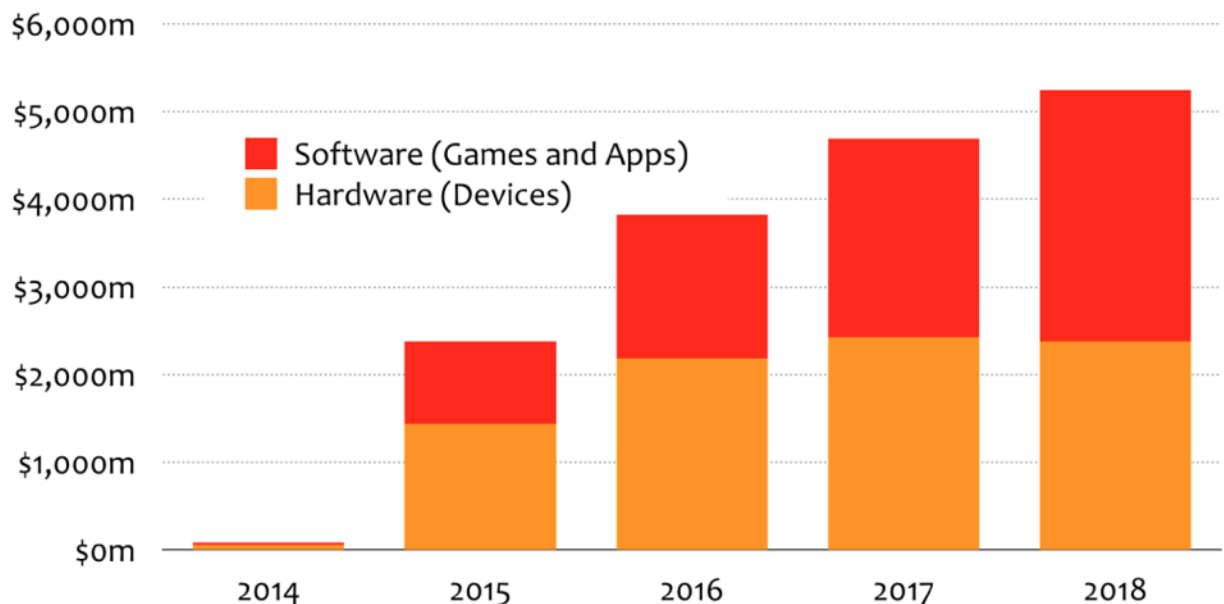


**4. My Watch is My Life.** [Apple sold more watches on its first day](#) than all Android watches sold in an entire year. As the Internet of Things phenomenon continues to play out, more devices than ever will be connected to the Internet and therefore be controllable by any other digitally networked device. This is where your Watch comes into play. Want to turn on the TV, tap your Watch. Turn off the lights, tap your Watch. Start your car, tap your Watch. Call a **Lyft**, tap your Watch. Get groceries delivered to your house via **Amazon Fresh**, tap your Watch. Better yet, ask Siri to do it for you. (Disclosure: GSV owns shares in Lyft)



**5. What is Real?** Virtual reality had its coming out party when **Facebook** purchased **Oculus** for a neat \$2 billion when it didn't even have a shipped product for non-developer customers. It is a big bet on the future of human computer interaction being closer than ever before. First we aspired to put a computer on every desk, then a computer in every backpack, then a computer in every pocket, then a computer on every wrist. So naturally, let's put a computer on every face. Some have projected the virtual reality industry to go from \$0 to \$5 billion in the next few years. (Disclosure: GSV owns shares in Facebook)

## Hardware and Software Total Revenue for Consumer VR



KZERO  
WORLDWIDE

Long term thinking is a competitive advantage because so few people do it.

I believe these trends are just a tiny slice of the global transformation we are about to witness. We'll have to check back in 5–10 years to see how much impact they have made on the world.

## A 2 Apple

April 19, 2015

Insights on the fastest growing companies from A Round to Apple

### Six Is

Interest Rates	Now	Week	Trend	Comment
10-Year Note	1.87%	(4.6%)	+	USD up 10.8% vs. EUR in 2015
3 Month Bill	0.01%	(50.0%)		
Spread Corp vs Govt.	0.60%			
Spread Junk vs. Govt.	3.70%			
Euro vs \$	\$1.08			
Pound vs \$	\$1.49			
\$ vs Yuan	Y6.195			
\$ vs Yen	¥118.92			
Inflation	Now	Month	Trend	Comment
CPI	236.1	0.6%	+	Q4 GDP growth was 2.2%
PPI	109.9	0.5%		
Oil Price	\$57.73	16.0%		
Gold Price	\$1,203	(0.9%)		
Corn Price	\$3.79	(1.0%)		
GDP Growth (latest Q)	2.2%			
Indices	P/E ttm	Month	Trend	Comment
S&P 500	22.8x	0.6%	+	MSCI at attractive value
Small Caps YTD	-	(0.0%)		
Value YTD	19.0x	(0.5%)		
Growth YTD	24.0x	0.5%		
MSCI Emerging Mkts. Ytd	13.0x	6.4%		
Earnings Yield '09	5.49%			
Investors Sentiment	Current		Trend	Comment
Bull - Bears	32.1-22.8		N	Neutral sentiment
Put-to-Call	1.1			
VIX	13.9			
IPOs	YTD		Trend	Comment
# of IPOs	35		+	6 IPOs last week, with the average performance 42%
Pricing Above Range	27%			
Pricing in Range	42%			
1 Day Pop (avg)	13%			
YTD Performance (avg)	10%			
Median Mkt. Cap (mm)	\$254			
Inflows	Week		Trend	Comment
Mutual Fund Flows (billion)	\$0.2		—	\$6B outflows in last 4 weeks

Source: WSJ, Yahoo Finance, amgdata.com, Hoovers.com

Trend: + is Positive, — is Negative, N is Neutral

## A 2 Apple

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### World Indices

America	Index	4/19/15	YTD	Week	Euro-Asia	Index	4/19/15	YTD	Week
<b>US</b>	GSV 300	110	14.4%	(1.5%)	<b>China</b>	SSE	4,287	32.5%	6.3%
	NYSE	11,059	2.0%	(0.5%)		Heng	27,653	17.1%	1.4%
	Dow	17,826	0.0%	(1.3%)	<b>Singapore</b>	Straits	3,525	4.8%	1.5%
	NASDAQ	4,932	4.1%	(1.3%)	<b>Indonesia</b>	JKSE	5,411	3.5%	(1.5%)
	NASDAQ-10	4,352	2.7%	(1.6%)	<b>Japan</b>	Nikkei 225	19,653	12.6%	(1.3%)
	Russell 2000	1,252	3.9%	(1.0%)	<b>India</b>	Sensex	28,442	3.4%	(1.5%)
	S&P 500	2,081	1.1%	(1.0%)	<b>Russia</b>	RTS	1,657	18.6%	(0.0%)
<b>Brazil</b>	Bovespa	53,955	7.9%	(0.5%)	<b>France</b>	CAC 40	5,143	20.4%	(1.9%)
<b>Mexico</b>	IPC	45,012	4.3%	0.3%	<b>Germany</b>	DAX	11,689	19.2%	(5.5%)
<b>Canada</b>	S&P TSX	15,361	5.0%	(0.2%)	<b>UK</b>	FTSE 100	6,995	6.5%	(1.3%)

Source: Yahoo Finance, GSViQ

### U.S Indices Snapshot

Valuation	P/E		Est. Growth	P / E / G		Price / Sales	
	LTM	NTM		LTM	NTM	LTM	NTM
S&P 500	22.8x	18.2x	6.3%	3.6x	2.9x	2.2x	2.2x
NASDAQ	26.1x	18.4x	9.3%	2.4x	2.3x	2.4x	2.3x
Russell 2000	23.9x	18.4x	9.1%	2.6x	2.0x	1.9x	1.8x
GSV 300	56.8x	29.0x	31.1%	1.8x	0.9x	6.3x	4.8x

Source: WSJ, CapitalIQ, GSViQ



**Important Disclosures**

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