January 12th, 2026

Q4 2025

Dear investors,

Hanway Capital Fund has returned **+0.3% this quarter**, reaching a share price of **€169.0** net of fees and commissions. This brings the fund's **2025 full-year return to +13.3%**. It has only been twelve months since Donald Trump took over the presidency of the United States; 36 remain. In the geopolitical arena, the president is determined to accelerate what was inevitable in any case: a change in the world order. These will be turbulent times until the world finds a new equilibrium. In the monetary field, he seems poised to follow the path initiated by Nero 2,000 years ago. But to understand how Donald Trump can jeopardize the current monetary system, we must first answer a very pertinent question: who were the main characters of the acclaimed series "*Money Heist*" actually robbing?

A brief and declining monetary history

If we analyze human history from a monetary perspective, we observe an unwavering trend: our money is increasingly backed by less and less. Put differently, no one would trust our current monetary system if it were implemented overnight. It persists only because currency devaluation has occurred gradually, turning what once had intrinsic value into something merely symbolic.

When we moved beyond the barter economy and began transacting with coins, we used what we now call "commodity money." Coins in the Roman Empire, for example, derived their value from their actual gold or silver content, not from trust in the issuer, the emperor. If a gold coin was melted down to make a piece of jewelry, its value would remain the same. As a result, if an emperor wished to increase the public treasury, he had no choice but to raise taxes, discover new mines, or plunder new territories.

Later, with the expansion of commerce and the rise of global trade, people began depositing their money in banking institutions. In return, banks issued certificates of deposit, which could be exchanged for the underlying money at any time. Gradually, for practical reasons, these paper certificates began to circulate as if they were money itself. In this way, "representative money" emerged: the notes had no intrinsic value of their own, but they entitled the holder to claim that value.

The nature of money changed once again in 1971, when the Nixon Shock brought an end to the Bretton Woods system and suspended the dollar's convertibility into gold. From that point on, we entered the era of "fiat money", whose value rests on public trust in the system and on governments' ability to enforce its use. In the European Union, for instance, the obligation to pay taxes in euros ensures there will always be demand for the currency.

Finally, with the widespread adoption of the internet and the digitization of nearly all databases, including those of banks and government institutions, physical cash now represents only about 5% of the money in circulation. The remaining 95% exists solely in electronic form, as lines of code stored on the servers of financial institutions. The trend is unmistakable: while minting a coin 2,000 years ago required a significant amount of gold, today it takes little more than a few keystrokes on a computer.

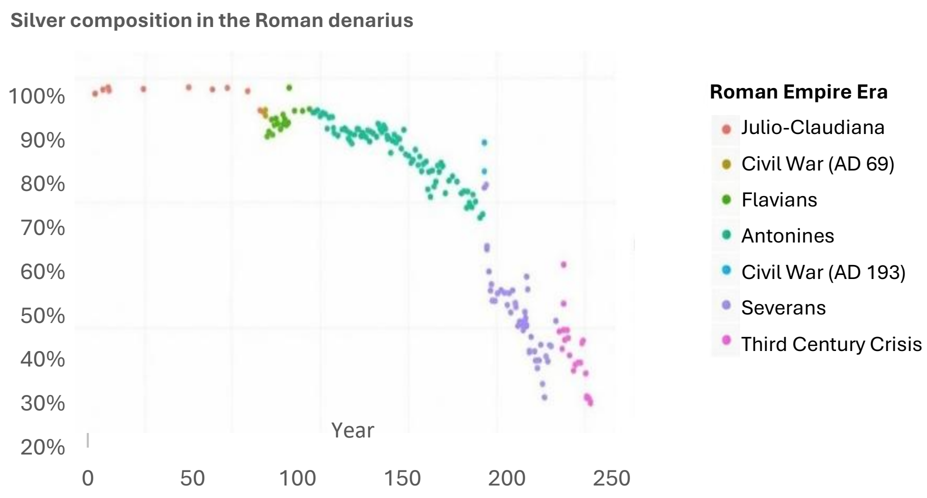
The debasement, a history of abuse

As mentioned earlier, in Imperial Rome the only theoretical ways to increase the public treasury were through taxation or conquest. But emperors soon discovered a third, far simpler option: corrupting the system.

In 64 AD, a massive fire devastated the capital of the Roman Empire for ten days. Emperor Nero, who had inherited the throne from his adoptive father Claudius a few years earlier, was unwilling to see the resources of the *Fiscus* (the imperial treasury used to fund public spending) drained by the enormous cost of rebuilding the city of Rome.

After consulting with his advisors, he devised a nearly innocuous way to ensure that no one had to foot the bill. He melted down all the coins held by the *Fiscus* (estimated at around 30% of all coins in circulation) and reminted them, slightly reducing the amount of precious metal in each one. The denarius, for instance, had its silver content reduced from 3.8 grams to 3.2. As a result, the state ended up with 15% more coins in its possession, allowing it to easily pay for the reconstruction. And since almost no one noticed the difference, prices remained stable and there was virtually no inflation.

Nero's apparent success, however, proved to be a curse. Once the taboo against altering the precious-metal content of coins had been broken, later emperors repeated the practice, progressively debasing the currency. By the 3rd century, newly issued coins contained barely any silver at all.



Representative money was not immune to abuse either. In its original design, the number of banknotes in circulation could never exceed the amount of gold held in bank vaults, which ensured price stability. Over time, however, bankers realized that depositors did not all come to redeem their money at once. At first cautiously, and later on a much larger scale, banks began issuing more banknotes than the gold they actually held, allowing them to extend more loans and charge more interest.

To curb this practice, central banks were created and required commercial banks to maintain a minimum ratio of gold reserves for each loan they issued. Over time, however, these ratios steadily declined. Even before the abandonment of the gold standard, US dollar bills still claimed to be redeemable for gold at the US Treasury, but this had become a blatant fiction. By 1970, while the country's gold reserves were worth around $10 billion, there were approximately $800 billion dollars in circulation.

Today, under a fiat money system, there is no direct limit on money creation. Central banks, which regulate the monetary base of their currencies, can create money simply by entering figures into a computer. In practice, the only real constraint on this power is the inflation that excessive money creation can ultimately produce.

Will Donald follow in Nero's footsteps?

In a year in which gold has risen by 65%, its strongest performance since 1979, most analysts point to fears of digital debasement as the main driver. But what exactly do they mean by that? In a world where money has no intrinsic value, how can investors fear that it will become increasingly worth less?

The explanation, as mentioned at the beginning of this letter, can be found in the popular Spanish series Money Heist *(La casa de papel)*. In the show, the main characters take control of the Royal Mint and print vast quantities of banknotes for their own use. In other words, they do exactly what Nero did: they create money out of thin air, seemingly without harming anyone.

Reality, however, is very different. Money, both 2,000 years ago and today, is above all a unit of accounting and a medium of exchange, and it should always reflect the size of an economy. Rome's wealth did not increase at all when Nero expanded the monetary base by 15%. All he did was increase the denominator by which the empire's wealth was measured. The same logic applies to the main characters of Money Heist: they were not stealing from the Spanish government, but from every citizen who uses the euro in daily life, since the total wealth of the European Union now had to be divided among a larger number of banknotes.

Although he might wish otherwise, Donald Trump does not wield the same degree of power in the United States as Roman emperors once did. The Federal Reserve, which regulates the money supply, is not subordinate to the executive branch he controls. That said, this could soon change. Jerome Powell, the current Fed chair, will see his term end in May of this year, and Trump has been sounding out several potential successors.

Trump has made it clear that he intends to appoint someone willing to heed his views once in office. But will he succeed, like a Roman emperor, in dramatically expanding the money supply to ease the pressure on the public treasury? The key difference with Nero lies in the state of the public coffers of the two empires. Rome held vast reserves of gold, which Nero manipulated to increase its value. Today, investors fear that Trump could use similar tactics, but this time to erode the real value of an already unsustainable public debt. Are we on the verge of another major devaluation, as we've wittnessed many other times throughout history?

It would be night in Caracas

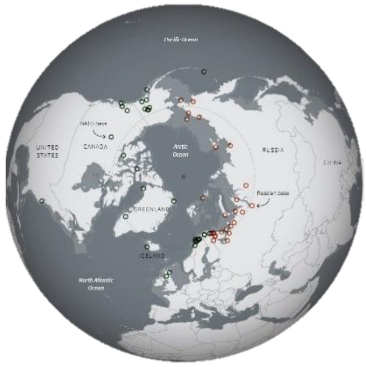
It took the US Navy exactly eight minutes to capture Nicolás Maduro, the head of state and dictator of Venezuela. While it had been anticipated, the outcome was no less shocking. Despite the US government having initiated a military escalation in the Caribbean Sea, few imagined it would culminate with the president of a sovereign state in a federal prison in New York.

In our view, the mainstream media has offered a superficial and misguided analysis in recent days, framing the operation as if it were solely about oil. We do not entirely blame them. Donald Trump himself appears eager to push the narrative in that direction, likely reflecting his constant need to simplify his messaging and deliver victory-driven content for both his electorate and his own ego. We believe it is far more revealing to listen to Marco Rubio, the Secretary of State.

A year ago, we published a letter examining Trump's contemporary reinterpretation of the Monroe Doctrine, which you can find in our website ("America for the Americans"), and six months ago we released a comprehensive analysis of the broader geopolitical landscape. The operation in Venezuela is the convergence of these two ideas. For several years now, the decline of the Western bloc has been exploited by a strategic alliance between China, Russia, and Iran, united by a shared objective: to overturn the liberal world order, which they see as an obstacle to their ambitions. This tripartite alliance has, or had, several satellite states, one of which was the Chavista regime in Venezuela.

Faced with the distant, yet increasingly plausible threat of a full-scale confrontation between the two blocs, the American administration is determined to maintain absolute control over the Western Hemisphere. In the American worldview, the country is seen as having been blessed with two vast defensive trenches: the Atlantic and Pacific Oceans. Accordingly, to guarantee its national security, it considers control of both its northern and southern borders essential.

Venezuela had become a strategic platform for the autocratic bloc. It served as a key hub where Russia provided diplomatic backing and military cooperation, China supplied resources and financing in exchange for oil, and Iran operated its drones. There are even suspicions of a vast illicit financing network involving drug trafficking and money laundering by terrorist groups such as Hezbollah. All of this was taking place less than 2,000 kilometers from the coast of Florida.



The United States sees it as essential to push Chinese, Russian, and Iranian influence out of its sphere. As a result, the next focal point could be Greenland, which is also technically part of North America. The Trump administration recognizes both the strategic challenge posed by the Arctic and the opportunities created by melting ice, and believes Europeans are incapable of adequately defending it. When viewed from above, and assuming much of the ice disappears in the coming years, it becomes clear that Greenland is a critical territory between Russia and the United States.

In short, the great powers appear to be preparing for an unlikely but conceivable confrontation. This is pulling the world back into a system of spheres of influence. The United States seeks to dominate the Western Hemisphere, Russia continues to pursue an expansionist vision in Eastern Europe, and China may ultimately move into Taiwan. In the days ahead, Iran is also likely to feature prominently in the headlines. As the weakest link in the autocratic axis, it is mired in an internal crisis that the West intends to exploit. The collapse of the ayatollahs' regime would leave China and Russia even more isolated.

The world order established after World War II has definitively collapsed. No one can say for sure how or when new rules, structures, and balances will be re-established. What we do know is that such periods of upheaval are typically accompanied by profound shifts in the economic system. It is precisely in these decades that the greatest risks to wealth lie, but also offer the greatest opportunities. These will be turbulent times until a new equilibrium is found: it will be crucial to be vigilant, diversified, and flexible.

Management report

Let us now analyze the fund's individual positions for this quarter:

1. **Equity position:** For the third consecutive year, global equities have risen by more than 15%. If this were to happen again in 2026, it would mark the first such streak since 1999. The economy appears to be continuing to grow at a healthy pace, and the earnings forecasts now being released are optimistic. It will be interesting to see whether, with the new year, investors finally begin to demand tangible results from technology companies' AI investments, or whether they continue to settle for promises. Our equity positions underperformed the broader market this quarter, reducing the fund's return by **0.4%**.

2. **Volatility position:** During the quarter, there were two episodes of heightened volatility: on October 10, when Trump threatened new tariffs on China, and on November 21, when investors began to fear that the Federal Reserve would not cut interest rates at its December meeting. Ultimately, both concerns were resolved favorably, and volatility fell to its lowest level of the year. We were able to monetize the first of these events, which helped limit losses on this asset to **-0.1%**.

3. **Gold position:** After falling by 11% from its October highs, gold has resumed its upward trend and continues to set new records. The renewed conflict between Trump and the Federal Reserve is only adding fuel to the fire: the less independent the central bank's decisions appear, the more investors will seek refuge in gold. This quarter, the precious metal contributed **+0.5%** to returns.

4. **Fixed income futures position:** Despite the efforts of the entire US establishment to push debt yields lower, they have proven stubbornly resistant. Neither interest rate cuts nor declines in oil prices have achieved the desired effect. Employment data has continued to show signs of weakness, but it appears clear that yields will not fall meaningfully unless the economy is heading into a recession. The fund's fixed income position contributed **+0.1%** this quarter.

5. **Commodity position:** The price of oil has barely reacted to events in Venezuela. Despite being the country with the largest proven reserves in the world, it produced very few barrels due to a lack of infrastructure. We have taken advantage of the recent price declines to add a position in oil futures to our commodities portfolio. Other commodities ended the year strongly, allowing the asset class to contribute **+0.2%** to the overall result.

"The Caesar's wife must not only be honest, but also appear to be so"

- Julius Caesar

Kind regards,
Hanway Capital

Appendix: Historical Net Returns of Hanway Capital Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-	-	-	-	-	-	-	-	-	-	-0.4%	1.2%	**+0.8%**
2020	-2.9%	-3.0%	18.3%	4.6%	-0.4%	3.2%	-23%	0.5%	-2.7%	-1.9%	9.1%	3.8%	**+27.0%**
2021	-1.9%	2.8%	3.0%	1.2%	0.6%	0.9%	-0.8%	1.5%	-1.1%	2.4%	1.3%	3.1%	**+13.7%**
2022	-1.7%	0.0%	2.1%	1.8%	0.8%	-6.1%	3.0%	2.6%	2.1%	1.9%	-2.2%	-1.7%	**+2.0%**
2023	1.1%	0.5%	-3.1%	-1.0%	-1.2%	-3.7%	-0.1%	1.2%	1.6%	0.2%	-1.0%	0.2%	**-5.4%**
2024	-2.5%	0.2%	-1.5%	-3.8%	4.3%	1.3%	2.2%	-5.2%	4.0%	-0.4%	9.3%	-1.1%	**+6.2%**
2025	3.6%	3.4%	-0.9%	-2.1%	3.1%	1.2%	-0.2%	2.2%	2.1%	0.8%	0.4%	-0.9%	**+13.3%**

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