

Peripheral Europe Update

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- **Draghi hints at ECB government bond buying**
- **Catalan regional Parliament passes regional referendum law**

Main market events

Peripheral bonds performed strongly last week, although they could not keep pace with the rally in German Bunds. Spanish bonds have returned 13.8% year-to-date, Italian bonds 12.7% and Irish bonds 12.0%.

European Central Bank

ECB President Mario Draghi this week mentioned *"a transition to a more active and controlled management of our balance sheet"*, adding that the ECB can *"alter the size and composition of our unconventional interventions"*. This suggests the ECB could buy government bonds if it would fail to expand its balance sheet sufficiently with the TLTROs and ABS purchases.

Spain

The Catalan regional Parliament passed a law that opens the door for calling an independence referendum, planned for November 9. Catalan Premier Artur Mas is expected to officially call the referendum this weekend.

Italy

The Italian Government has revised its 2014 growth forecast to $-/- 0.2\%$, down from $+0.8\%$ previously. Due to new statistical standards, the level of GDP was revised upwards by 3.8%. As a result the 2013 debt-to-GDP ratio has been revised from 132.6% to 127.9%.

Greece

The Greek Prime Minister Samaras told German Chancellor Angela Merkel that Greece can exit its EU/IMF bailout earlier than expected at the end of this year. Greece would forego the last tranches of IMF loans and cover its own funding needs in 2015.

Robeco Euro Government Bonds

We remain positive on peripheral bond markets. The ECB's policy remains very supportive for peripheral bond markets. At next week's ECB meeting, Draghi will announce more details on the ABS purchase program. The ABS purchase program will likely benefit Spain and Italy most. The expansion of the ECB balance sheet will continue to spur the search for yield. Peripheral bonds remain attractive in this environment.

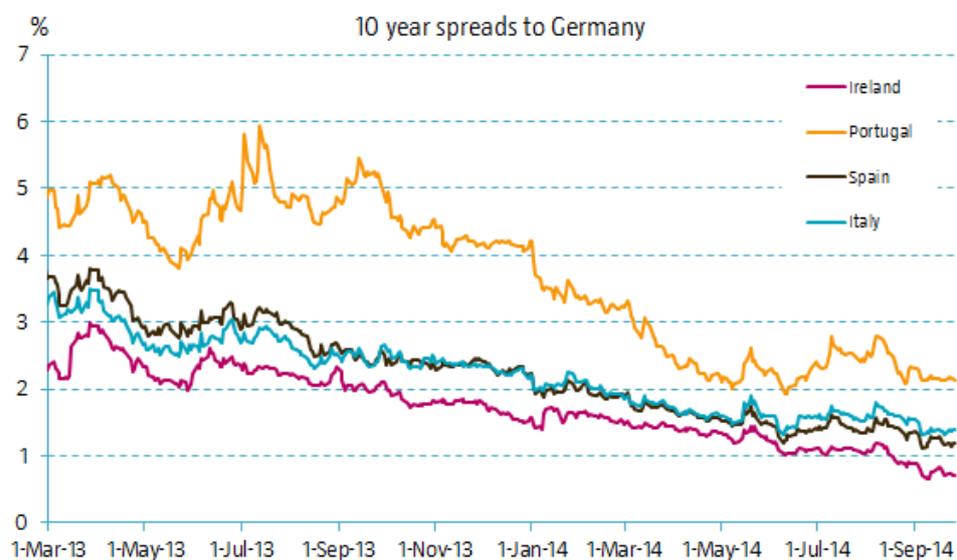
We remain overweight Spanish, Italian, Irish and Portuguese debt. Peripheral bonds make up 60% of the fund, half of which Italian. Year-to-date the fund's absolute performance is 10.69%*, helped by the strong performance of periphery bonds.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD September 25, 2014. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

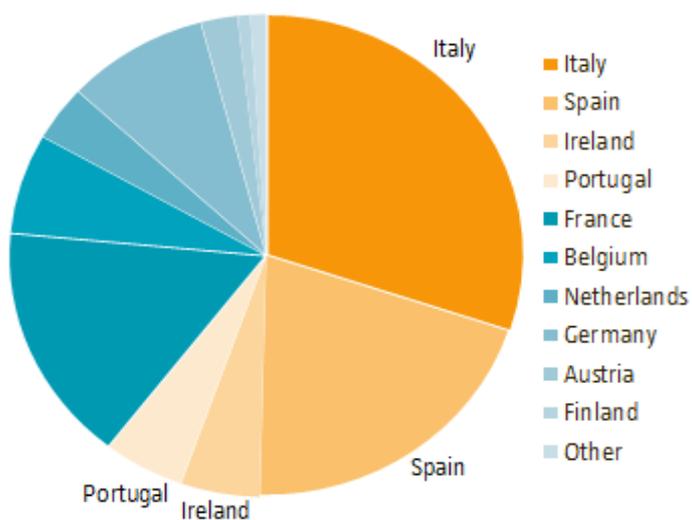
maturity	German yields	Spreads										
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal	
1	-0.06	0.04										
2	-0.07	0.06	0.44	0.39	0.03	0.05	0.06			0.06	0.03	0.47
3	-0.05	0.07	0.59	0.52	0.04	0.04	0.07	3.85	0.19	0.03	1.02	
4	0.04	0.14	0.75	0.66	0.13	0.07	0.08		0.25	0.08	1.33	
5	0.17	0.18	0.85	0.73	0.17	0.14	0.06	4.47	0.25	0.08	1.50	
6	0.27	0.22	1.04	0.89	0.13	0.19	0.13		0.41	0.12	1.63	
7	0.43	0.26	1.14	0.83	0.15	0.25	0.18		0.32	0.12	1.86	
8	0.62	0.28	1.33	0.84	0.15	0.26	0.10			0.17		
9	0.77	0.27	1.31	1.14	0.17	0.27	0.21		0.70	0.12	2.23	
10	0.95	0.34	1.40	1.20	0.15	0.29	0.20	5.21	0.71	0.11	2.14	
15	1.42	0.50	1.56	1.32		0.25	-0.07	5.37		0.06		
20	1.69	0.40	1.57			0.44	0.09	5.24				
30	1.89	0.49	1.76	1.57	0.04	0.51	0.09	4.93				

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (September 26, 2014)



Source: Robeco

Important information

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