

Peripheral Europe Update

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- **Investors jump on peripheral bonds after Greek relief**
- **Eurogroup agrees to four-month extension of Greek bailout**

Main market events

Peripheral markets performed very strongly after the agreement on Greece. Although the extension is granted only for four months, the immediate risk of a 'Grexit' is off the table for now. With this hurdle taken, and the moment the ECB starts buying getting closer, investors were eager to add to positions in periphery. Portuguese bonds returned 5.5% this year, Italian bonds 4.5%, Spanish bonds 2.9% and Irish bonds 2.1%.

Greece

The Eurogroup agreed to a 4-month bailout extension for Greece, after having approved the Greek reform list. The reforms include measures related to the fight against tax evasion and corruption and reforms on the labor market, the judicial system and the banking system.

The German Bundestag on Friday voted in favor of Greece's bailout extension with 542 votes in favor versus 32 votes against.

Italy

The EU commission approved the Italian 2015 budget. The budget deficit is projected to remain below 3%, but Italy fails to reduce its debt/GDP ratio as required by the so-called six-pack rules.

Spain

The National Statistics Institute confirmed that Spanish GDP rose by 0.7% in the fourth quarter of 2014. On an annual basis, real GDP rose by 2%, the largest year on year increase since 2008.

Issuance

This week Spain, Portugal and Italy issued a total of EUR 15bln of mainly long dated bonds. The auctions attracted large interest from investors, with all issues well oversubscribed. Both Italy and Spain have now already funded 25% of their 2015 issuance needs, while Ireland and Portugal are already above 50%.

Robeco Euro Government Bonds

We remain positive on peripheral bond markets as fundamentals are improving and the ECB has clearly shown its determination to do 'whatever it takes'. Peripheral bonds remain attractive in this environment. The fund has a preference for longer-dated peripheral bonds.

We increased our exposure in Portuguese bonds as we expect these to benefit most from ECB buying due to the relatively limited size of the bond market.

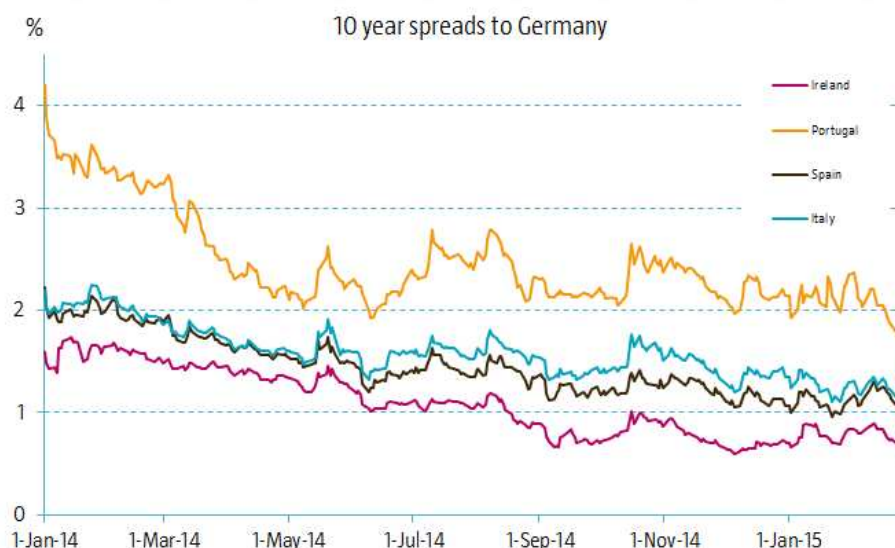
Peripheral bonds make up 61% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 3.42%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD February 26, 2015. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

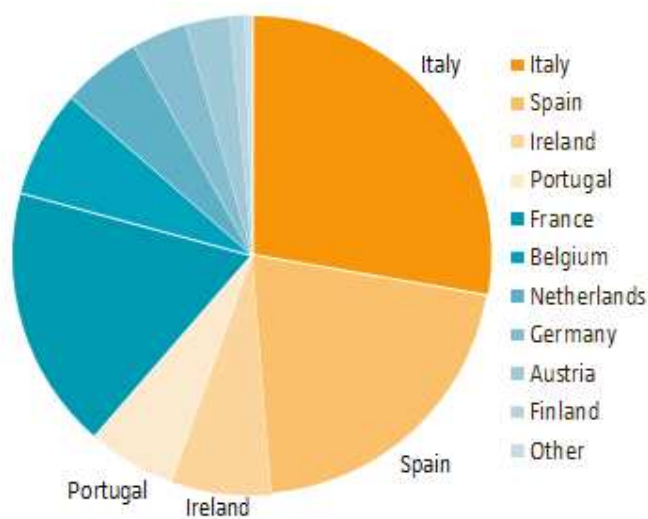
maturity	German yields	Spreads										
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal	
1	-0.18	0.05										
2	-0.23	0.10	0.43	0.37	0.07	0.08	0.08		0.29	0.07	0.48	
3	-0.21	0.08	0.51	0.46	0.08	0.12	0.08	14.6	0.25	0.08	0.75	
4	-0.17	0.15	0.55	0.55	0.07	0.16	0.09		0.27	0.10	0.90	
5	-0.09	0.15	0.66	0.66	0.05	0.11	0.04	12.9	0.39	0.05	0.97	
6	-0.06	0.17	0.74	0.75	0.04	0.15	0.05		0.42	0.05	1.17	
7	0.01	0.20	0.92	0.86	0.05	0.21	0.06		0.56	0.05	1.89	
8	0.10	0.23	1.00	0.94	0.06	0.22	0.08				0.08	
9	0.20	0.26	1.06	0.94	0.07	0.23	0.07		0.59	0.04	1.46	
10	0.32	0.27	1.00	0.94	0.04	0.23	0.07	9.11	0.56	0.02	1.51	
15	0.56	0.39	1.19	1.11		0.16	-0.02	9.06	0.68	0.08	1.73	
20	0.77	0.37	1.28			0.29	0.12	8.05				
30	0.98	0.41	1.32	1.29	0.05	0.34	0.07	6.88		-0.04		

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (February 26, 2015)



Source: Robeco

Important information

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