

Peripheral Europe Update

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- **ECB starts sovereign QE purchases this Monday**
- **Political risks recede in Spain due to economic improvements**

Main market events

Peripheral markets posted strong returns this week, especially around and after Thursday's ECB meeting. Mario Draghi confirmed the start of the ECB government bond buying program from next Monday onwards. Portuguese bonds have returned 6.2% this year, Italian bonds 4.6%, Spanish bonds 3.0% and Irish bonds 2.2%.

European Central Bank

The ECB announced the technicalities of its 'Public Sector Purchase Program' (PSPP), which will start on Monday March 9. Purchases of assets with a negative yield are permissible, but only down to a yield of -/- 0.2%, in line with the ECB deposit rate.

The ECB said it wasn't concerned over a perceived lack of bonds available for purchase under its bond-buying program. Markets have anticipated a possible scarcity of eligible bonds.

Italy

Istat confirmed Italy's real GDP was flat in the fourth quarter of 2014. This marked the 14th consecutive quarter with either negative or flat real GDP growth.

Spain

Support for the currently ruling Partido Popular continues to rise. The latest polls show a win of 32% of the votes if elections were held today, against only 18% for left-wing Podemos. Economic improvement and declining unemployment support the current government.

Spain announced an early repayment of EUR 1.5 billion of the financial sector bailout to the ESM. Back in 2012, Spain received a total of EUR 41 billion to save the banking sector.

Greece

Greece is planning to present six reform proposals at the upcoming Eurogroup meeting on Monday March 9. This Friday Greece repaid the first part of IMF loans which are due in March.

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. In longer dated bonds we prefer Spain to Italy based on better fundamentals.

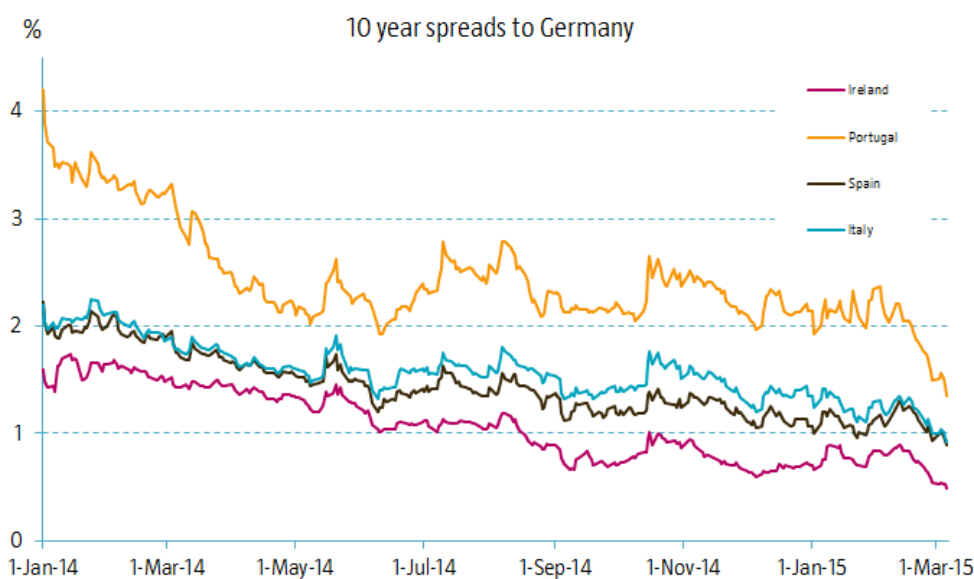
Peripheral bonds make up 61% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 3.31%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD March 5, 2015.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

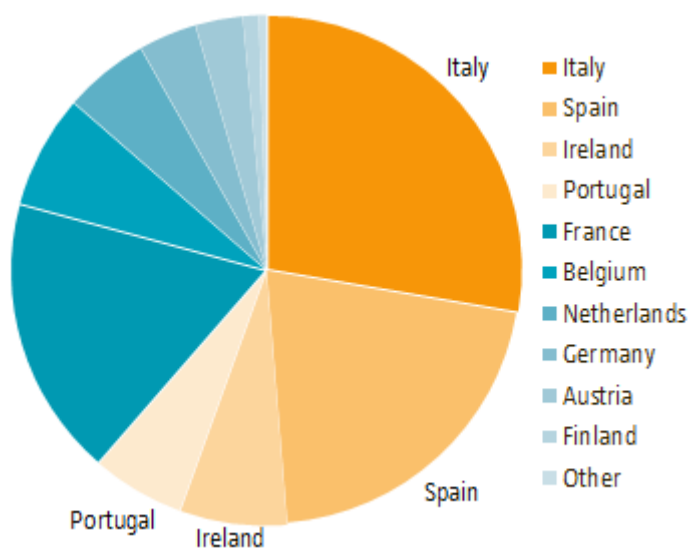
maturity	German yields	Spreads	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.20	0.07										
2	-0.20	0.07	0.36	0.31	0.07	0.06	0.07			0.27	0.08	0.38
3	-0.18	0.05	0.43	0.37	0.07	0.10	0.05		14.3	0.22	0.09	0.62
4	-0.14	0.12	0.47	0.46	0.05	0.13	0.06			0.23	0.09	0.83
5	-0.06	0.14	0.57	0.55	0.03	0.08	0.04		12.1	0.34	0.05	0.91
6	-0.03	0.18	0.65	0.72	0.03	0.15	0.04			0.36	0.05	1.06
7	0.06	0.22	0.81	0.74	0.02	0.23	0.05			0.44	0.02	1.84
8	0.16	0.24	0.88	0.81	0.03	0.22	0.07				0.06	
9	0.26	0.28	0.95	0.89	0.05	0.23	0.07			0.49	0.02	1.25
10	0.37	0.30	0.91	0.89	0.05	0.24	0.08	9.07		0.48	0.01	1.35
15	0.58	0.40	1.15	1.06		0.17	0.01	8.96		0.59	0.10	1.56
20	0.77	0.38	1.24			0.29	0.12	8.01				
30	0.94	0.45	1.32	1.28	0.06	0.35	0.09	6.82			0.00	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (March 6, 2015)



Source: Robeco

Important information

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