

Peripheral Europe Update

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- **Greece halts talks with 'the institutions'**
- **Italy continues its long dated issuance**

Main market events

Peripheral markets had a setback this week, despite the ECB buying program. This was mainly due to renewed tensions over Greece, which has not made any progress with the agreed reforms. A very large amount of long dated Italian issuance and uncertainty over Fed policy fueled the correction of the strong performance of the previous few weeks. Portuguese bonds have returned 6.9% this year, Italian bonds 5.4%, Spanish bonds 3.7% and Irish bonds 3.0%.

EU Summit

On Thursday night a 'mini-summit' took place between Greek leader Tsipras and part of the European creditors, among whom Merkel, Hollande, Draghi and Juncker, to calm the tensions between the two groups. Although no firm agreements were made, Greece will come up with a new list of reforms, likely to be discussed next Monday when Tsipras visits Berlin.

Greece

IMF officials branded Greece the most unhelpful country the organization has dealt with in its 70-year history, after Greece had halted technical talks with 'the institutions'. According to recent polls, a majority of Greeks support a compromise to be made with the creditors.

Italy

On Tuesday Italy launched a new 15-year bond. Investors signed up for a total of EUR 16.5 billion, expecting to get only a 30% allocation. But the Italian debt agent decided to issue a total size of EUR 8 billion, much larger than was expected. With the blackout period, in which the ECB doesn't buy bonds around issuance, investors were stuck with their overly large holdings.

Portugal

The Portuguese government made an early repayment of EUR 6.6 bln to the IMF, representing 25% of total debt owed to the IMF. Besides the cut in interest expenses, the government wants to demonstrate the regained market access and the improvement of its fiscal position.

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. Greek problems will continue to cause volatility, but in the end the effect of ECB buying will be more important.

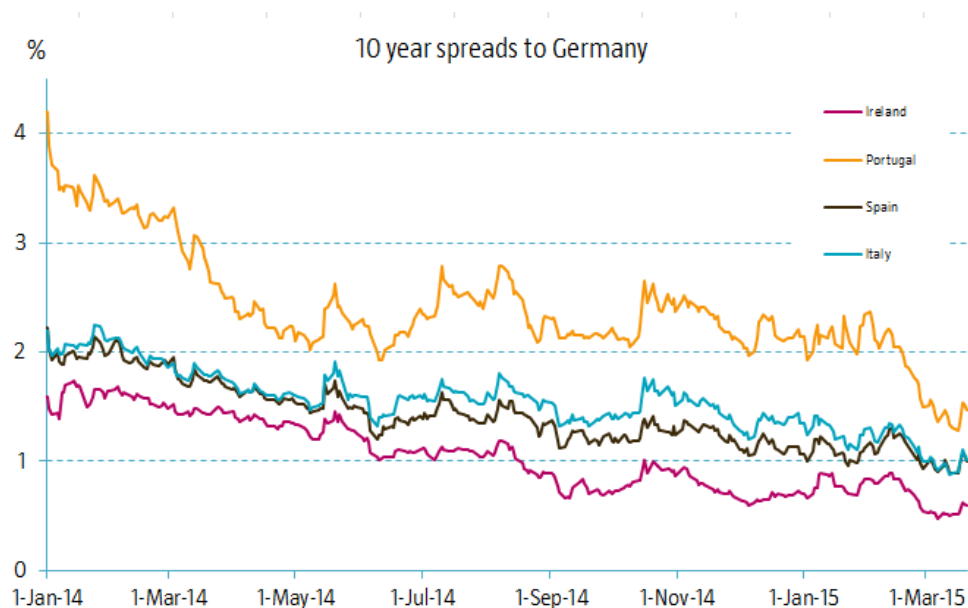
Peripheral bonds make up 62% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 4.30%*, helped by the strong returns in peripheral markets.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD March 19, 2015.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

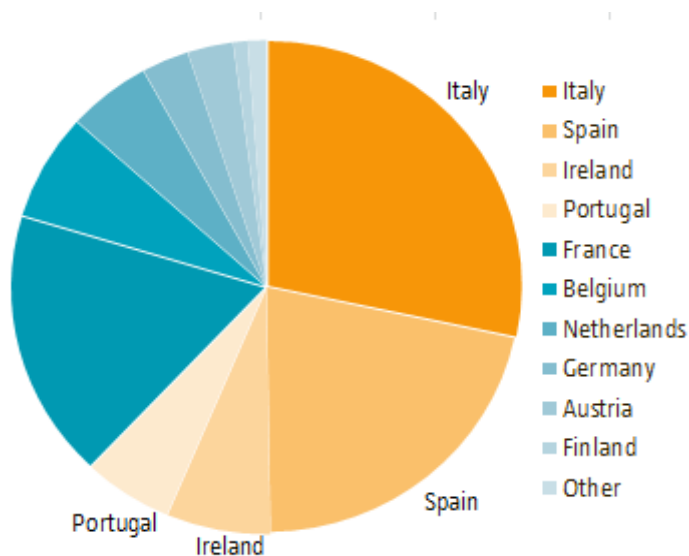
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.21	0.06									
2	-0.24	0.09	0.47	0.33	0.06	0.09	0.07		0.30	0.06	0.33
3	-0.22	0.09	0.49	0.42	0.09	0.12	0.06	23.4	0.17	0.09	0.66
4	-0.17	0.13	0.56	0.49	0.07	0.15	0.07		0.17	0.11	0.86
5	-0.10	0.14	0.66	0.65	0.06	0.11	0.07	17.5	0.33	0.09	1.01
6	-0.08	0.14	0.88	0.79	0.06	0.14	0.06		0.35	0.07	1.11
7	-0.03	0.19	0.96	0.83	0.07	0.19	0.07		0.46	0.05	1.93
8	0.04	0.20	0.97	0.88	0.07	0.19	0.12			0.09	
9	0.11	0.23	1.02	0.96	0.08	0.21	0.12		0.57	0.05	1.34
10	0.19	0.26	1.02	1.00	0.08	0.23	0.12	11.58	0.60	0.05	1.47
15	0.37	0.36	1.25	1.19		0.18	0.07	11.33	0.66	0.13	1.67
20	0.50	0.34	1.37			0.31	0.13	9.93			
30	0.64	0.42	1.44	1.37	0.08	0.37	0.09	8.46		0.00	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (March 19, 2015)



Source: Robeco

Important information

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