

# Peripheral Europe Update

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- **Syriza members publicly oppose reform list**
- **Spanish growth supported by weaker euro and lower oil**

## Main market events

Peripheral markets recovered somewhat this week, as talks resumed between Greece and the institutions concerning the list of reforms needed for a further disbursement of bailout funds. Portuguese bonds have returned 7.0% this year, Italian bonds 5.8%, Spanish bonds 4.0% and Irish bonds 3.2%.

### Greece

The Greek government provided an updated list of reforms, which according to the finance ministry was "*more specific and quantified*". The list clearly states Greece considers itself an irrevocable member of the single currency area.

Members of Greece governing party Syriza publicly opposed the reforms that are under negotiation. Interior Minister Voutsis even threatened to default on the 8 April IMF payment.

The leader of the main opposition party and former Prime Minister, Samaras, offered political support for the necessary measures to keep Greece in the Eurozone, if part of Syriza refuses to do so.

### Portugal

Fitch affirmed Portugal's BB+ rating with a positive outlook, which means Portugal will remain below investment grade at least until the next review in September.

### Spain

According to Minister of Economy de Guindos Spanish GDP could rise by 3% in 2015, well above the previous 2% forecast projected in the budget. Export growth will be supported by the weaker euro, while domestic demand benefits from the decline in oil prices.

## Robeco Euro Government Bonds

We remain positive on peripheral bond markets. Fundamentals are improving with stronger growth. The ECB's bond buying allows countries to improve their debt sustainability by locking in the current affordable rates on their debt for a longer time. It also spurs the 'search for yield'. Peripheral bonds remain attractive in this environment. Greek problems will continue to cause volatility, but in the end the effect of ECB buying will be more important. The fund has a preference for longer-dated peripheral bonds.

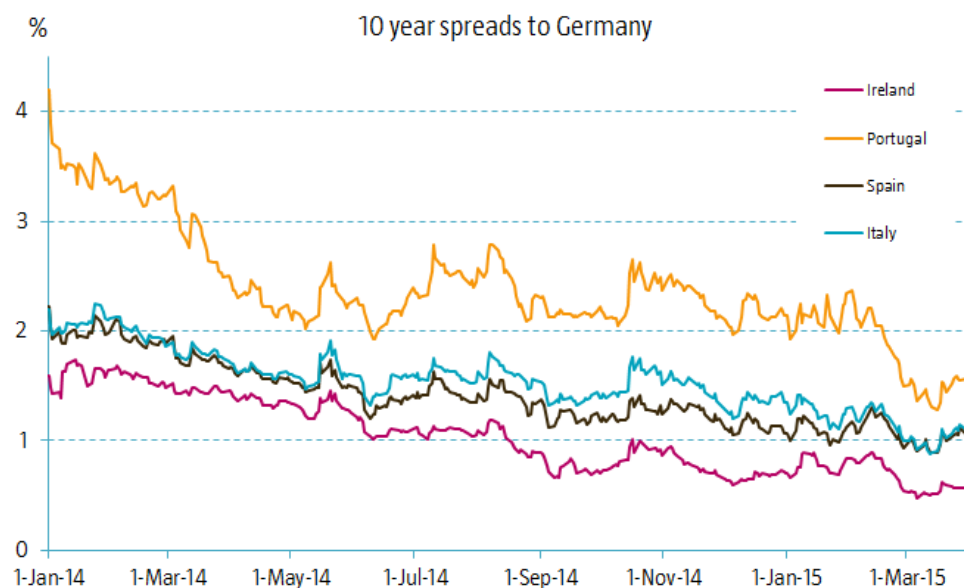
Peripheral bonds make up 62% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 4.42%\*, helped by the strong returns in peripheral markets.

\* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD March 31, 2015. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

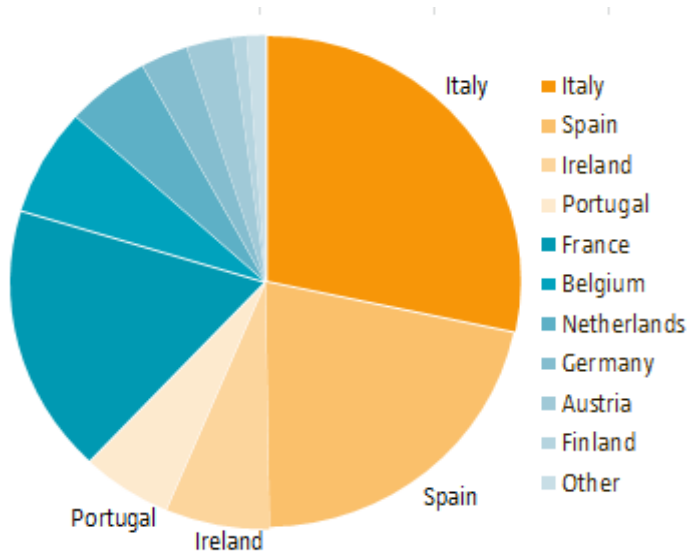
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.21	0.05									
2	-0.26	0.08	0.44	0.28	0.06	0.08	0.07		0.32	0.03	0.28
3	-0.22	0.11	0.48	0.41	0.07	0.11	0.06	23.8	0.19	0.09	0.64
4	-0.17	0.14	0.53	0.50	0.07	0.14	0.08		0.18	0.10	0.85
5	-0.10	0.16	0.62	0.63	0.06	0.11	0.08	17.4	0.33	0.08	0.98
6	-0.08	0.18	0.87	0.82	0.11	0.16	0.09		0.37	0.08	1.12
7	-0.03	0.22	0.95	0.88	0.15	0.22	0.10		0.45	0.06	1.92
8	0.03	0.24	1.01	0.97	0.17	0.24	0.14			0.11	
9	0.10	0.26	1.08	1.06	0.16	0.25	0.13		0.55	0.08	1.42
10	0.18	0.29	1.11	1.06	0.16	0.26	0.14	11.66	0.58	0.08	1.53
15	0.35	0.42	1.26	1.30		0.24	0.10	11.29	0.67	0.13	1.72
20	0.49	0.39	1.38			0.36	0.17	9.91			
30	0.62	0.47	1.46	1.39	0.09	0.41	0.13	8.55		0.01	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (April 2, 2015)



Source: Robeco

**Important information**

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