

Peripheral Europe Update

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- **ECB bought EUR 60 billion in first month of program**
- **New Greek deadline as cash is running out**

Main market events

Peripheral markets were not able to keep pace with the further decline in yields in Germany this week. The market at first was relieved after the Greek confirmation during the Easter weekend that they would make the payment to the IMF this week. But Spanish issuance together with the Italian issuance announcement for next week took the market some time to digest. Greek negotiations are progressing really slowly, so investors are in a 'wait and see' mode currently. Portuguese bonds have returned 7.3% this year, Italian bonds 5.5%, Spanish bonds 3.7% and Irish bonds 3.2%.

European Central Bank

The ECB published statistics on the first month of the bond buying program. Total purchases reached EUR 61 billion, with amounts per country exactly in line with capital key weights. Maturity splits showed large differences per country with purchases in the periphery skewed towards the long end of the curve.

Greece

Greece has met its 8 April payment obligation of EUR 450 million to the IMF in time. Greek cash reserves are supposedly running out at the end of April. The Eurogroup gave Greece a deadline of 6 working days from Wednesday night to come up with a detailed list of reforms. The EU can release some funds if these reforms are approved at the 24 April Eurogroup meeting.

Spain

Spain again issued bonds with a 30-year maturity. All peripheral countries are using the ECB QE window of opportunity to lock in the current affordable interest rates for a long time. This is a long-term positive for these countries, as it increases the sustainability of their debt.

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' by investors, as German bonds with maturities up to 8 years now offer negative yields. 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.

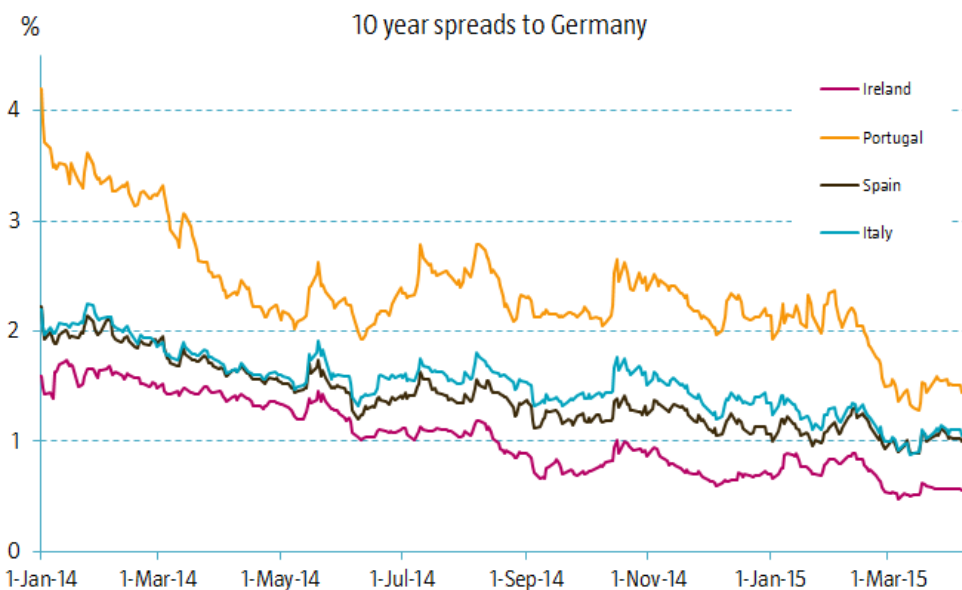
Peripheral bonds make up 62% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 4.28%*, helped by the strong returns in peripheral markets.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD 9 April 2015.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

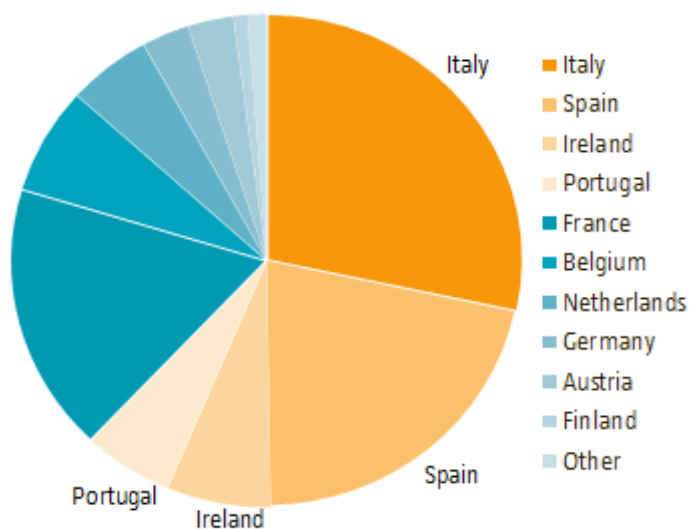
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.24	0.06									
2	-0.28	0.09	0.43	0.31	0.07	0.09	0.07		0.34	0.04	0.29
3	-0.25	0.10	0.49	0.42	0.08	0.10	0.07	20.4	0.20	0.08	0.58
4	-0.20	0.12	0.53	0.51	0.06	0.12	0.07		0.16	0.09	0.77
5	-0.13	0.13	0.64	0.65	0.05	0.09	0.07	15.3	0.32	0.07	0.88
6	-0.11	0.16	0.89	0.83	0.11	0.15	0.08		0.37	0.06	1.04
7	-0.06	0.19	0.97	0.89	0.14	0.21	0.09		0.42	0.04	1.96
8	0.00	0.23	1.03	0.98	0.16	0.23	0.13			0.10	
9	0.06	0.25	1.10	1.08	0.16	0.26	0.12		0.54	0.07	1.35
10	0.15	0.28	1.12	1.07	0.16	0.27	0.13	11.10	0.55	0.06	1.47
15	0.33	0.41	1.32	1.36		0.24	0.08	10.88	0.66	0.12	1.71
20	0.48	0.38	1.43			0.37	0.17	9.53			
30	0.63	0.47	1.50	1.44	0.11	0.44	0.14	8.24		0.02	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (9 April 2015)



Source: Robeco

Important information

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