

Peripheral Europe Update

Olaf Penninga, Lead Portfolio Manager Robeco Euro Government Bonds
Stephan van IJendoorn, Portfolio Manager

- **Draghi tapers the tapering talk**
- **Greece downgraded to CCC+**

Main market events

Peripheral markets came under pressure as Greece and its creditors failed to make any progress. A Financial Times article suggesting Greece informally approached the IMF to discuss delaying a loan repayment spooked markets. This combined with another large amount of Italian and Spanish issuance was a bit too much to digest. Portuguese bonds have returned 6.2% this year, Italian bonds 4.8%, Spanish bonds 2.9% and Irish bonds 3.7%.

European Central Bank

During the press conference after Wednesday's ECB meeting Draghi forcefully countered speculations of an early end to the bond buying program. He stressed that the expected recovery is *"dependent on the full implementation of the QE program"*.

International Monetary Fund

The IMF revised the estimate of euro area real GDP growth upwards to 1.5% in 2015 and 1.6% in 2016, highlighting supporting factors such as *"lower oil prices, low interest rates, and a weaker euro"*. The IMF anticipates faster growth in Germany, France, Italy and especially in Spain.

Greece

S&P downgraded the credit rating of Greece from B- to CCC+, with a negative outlook. S&P cited that *"without deep economic reform or further relief, we expect Greece's debt and other financial commitments will be unsustainable."*

Spain

S&P affirmed Spain's credit rating at BBB with a stable outlook, citing Spain's solid economic recovery but also rising concerns over Spain's still large fiscal deficit. In addition, the rating agency warned about uncertainties related to the upcoming regional and national elections.

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 9 year 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.

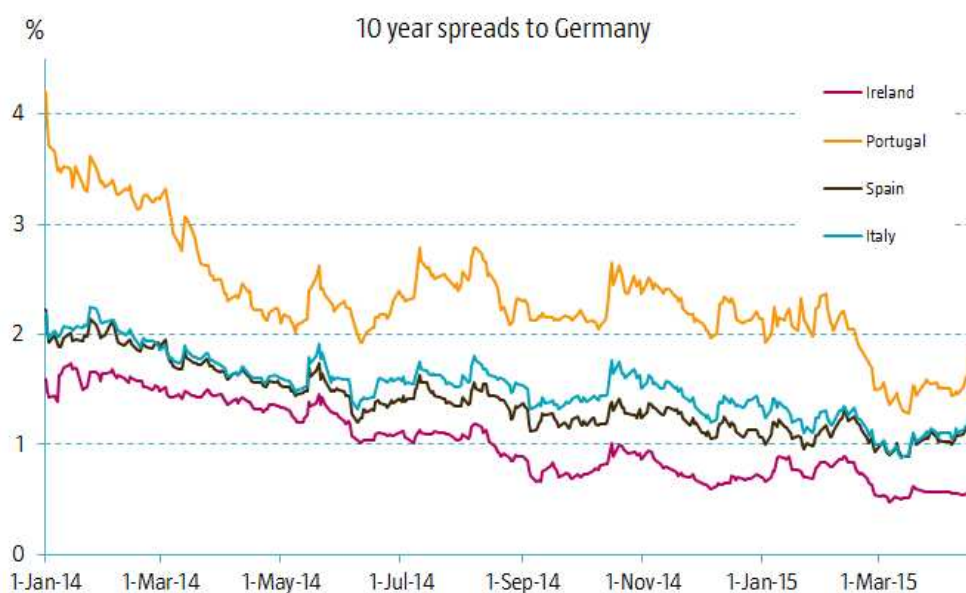
Peripheral bonds make up 62% of the fund, with overweight positions in Ireland, Spain, Italy and Portugal. Year-to-date the fund's absolute performance is 4.27%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD 16 April, 2015.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

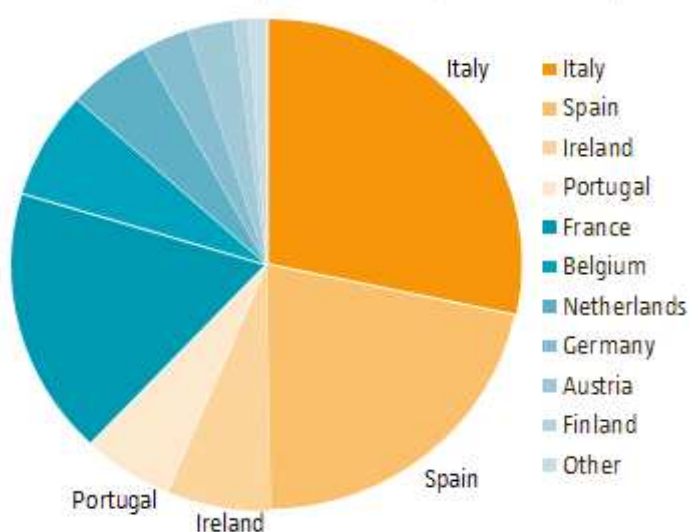
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.24	0.05									
2	-0.28	0.09	0.49	0.35	0.07	0.09	0.09		0.34	0.05	0.32
3	-0.26	0.12	0.58	0.49	0.09	0.12	0.13	27.0	0.14	0.09	0.71
4	-0.21	0.13	0.67	0.62	0.08	0.15	0.14		0.13	0.09	0.99
5	-0.16	0.15	0.83	0.83	0.07	0.12	0.10	18.8	0.28	0.08	1.14
6	-0.15	0.17	1.12	1.05	0.12	0.16	0.14		0.34	0.07	1.35
7	-0.11	0.19	1.22	1.13	0.14	0.21	0.17		0.43	0.05	2.01
8	-0.07	0.23	1.35	1.25	0.16	0.24	0.17			0.11	
9	-0.02	0.27	1.41	1.39	0.17	0.27	0.13		0.59	0.09	1.82
10	0.06	0.28	1.42	1.39	0.15	0.28	0.13	12.75	0.61	0.07	1.95
15	0.20	0.42	1.71	1.73		0.28	0.11	12.47	0.74	0.12	2.23
20	0.32	0.41	1.84			0.40	0.20	10.94			
30	0.46	0.49	1.89	1.85	0.10	0.45	0.15	9.49		0.01	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (16 April 2015)



Source: Robeco

Important information

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