

Peripheral Europe Update

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- **Greek elections likely in coming months**
- **Italy approves important reforms**

Main market events

Short dated peripheral bonds performed a bit better than Germany, while longer dated periphery performed somewhat less. Ireland outperformed both Italy and Spain. Portuguese bonds returned 3.5% this year, Italian bonds 2.1%, Irish bonds 0.5% and Spanish bonds -0.1%.

Greece

The Greek government spokeswoman noted that early national parliamentary elections are likely, given the division within the ruling Syriza party. Current polls give Syriza a large leading margin, but it remains to be seen how that could change if the party splits in coming months.

Spain

Catalan Premier Artur Mas called early regional elections in Catalonia for September 27.

EU

The EU Council approved regulation to protect non-euro area member states from any risk arising from financial assistance given to a euro area country. Financial assistance from the EFSM will only be granted if legally binding provisions are in place for non-euro area member states.

Italy

The Italian Upper House approved the public administration reform bill, which is aimed at reorganizing public administration services and entities. Also final approval was given to measures aimed at addressing the high stock of non-performing loans held in Italian banks.

The Italian government will request greater flexibility from the EU Commission to meet its fiscal deficit targets in light of the efforts to pass structural reforms.

Portugal

The unemployment rate fell to a 4-year low of 11.9%, which is the lowest level since 2010.

Robeco Euro Government Bonds

We are cautiously optimistic on periphery. We continue to see the ECB's QE program, the generally supportive stance of EU policy makers towards the periphery and the improvement in growth as positives for peripheral debt. On the other hand Greek risks remain. Negotiations on the third bailout program and possible debt relief still have to take place and implementation of all these measures will be difficult. The fund remains overweight positioned in Irish bonds.

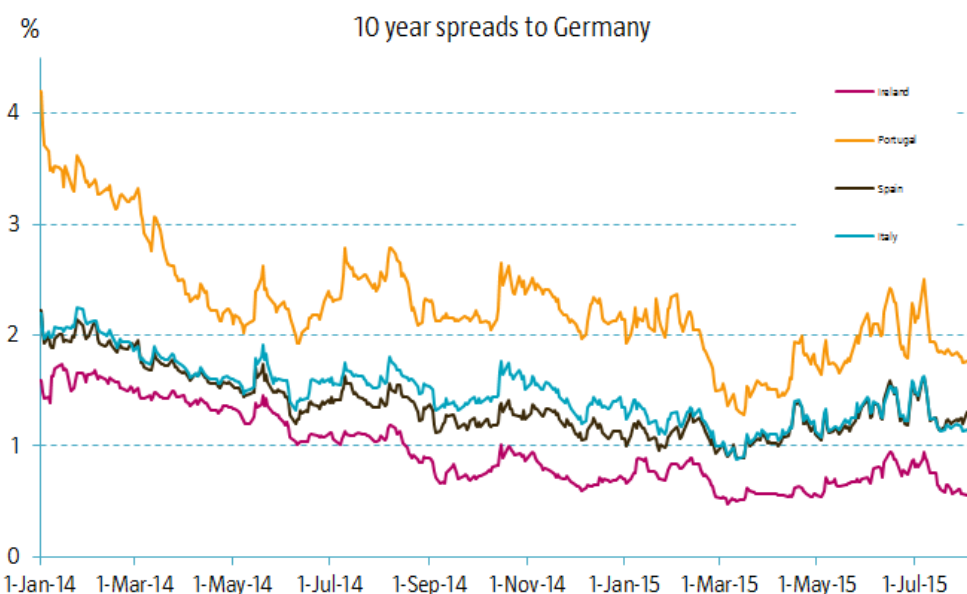
Peripheral bonds make up 40% of the fund. Year-to-date the fund's absolute performance is 0.15%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD August 6, 2015. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

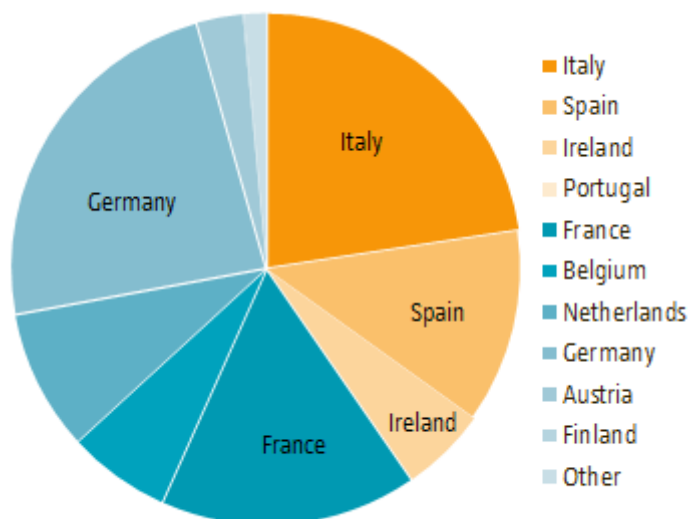
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.24	0.05									
2	-0.25	0.05	0.31	0.36	0.04	0.07	0.07		0.20	0.04	0.62
3	-0.21	0.07	0.47	0.53	0.06	0.09	0.09	22.5	0.21	0.09	0.74
4	-0.10	0.10	0.62	0.68	0.07	0.15	0.12		0.19	0.08	0.97
5	0.05	0.13	0.75	0.87	0.05	0.14	0.06	16.0	0.26	0.04	1.14
6	0.14	0.16	0.95	1.19	0.11	0.21	0.16		0.27	0.01	1.39
7	0.28	0.19	1.04	1.31	0.13	0.25	0.22		0.40	-0.03	1.62
8	0.42	0.25	1.17	1.30	0.17	0.27	0.24			0.08	
9	0.59	0.23	1.18	1.30	0.13	0.26	0.21		0.53	-0.01	1.64
10	0.71	0.31	1.16	1.30	0.18	0.33	0.27	11.13	0.58	0.02	1.74
15	0.97	0.51	1.34	1.47		0.30	0.10	9.68	0.76	0.14	1.95
20	1.22	0.47	1.40			0.46	0.25	9.00			
30	1.44	0.55	1.49	1.55	0.13	0.52	0.24	7.36		0.02	

Source: Bloomberg



Source: Bloomberg

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



Source: Robeco

Important information

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