

Peripheral Europe Update

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- **Irish economy grows 6.7%**
- **Catalan pro-independence parties leading in polls**

Main market events

Italy and Ireland outperformed German bonds this week, while Spain underperformed Germany. Upcoming elections in Catalonia are weighing on Spanish bonds. Portuguese bonds returned 3.1% this year, Italian bonds 2.2%, Irish bonds 0.5% and Spanish bonds -0.7%.

Spain

Most recent poll results show a majority of seats for the pro-independence parties in Catalonia after the 27 September elections. A parliamentary majority would not immediately lead to declaring Catalonia's independence but it would be the start of a process of separation. Prime Minister Rajoy tabled a bill to increase the powers of the Spanish constitutional court to imprison regional leaders who make preparations for a unilateral declaration of independence.

Italy

According to the Bank of Italy non-performing loans rose to a new record-high in July of 10.3%. The Italian government is finalizing plans for a bad bank to deal with those bad assets.

Eurogroup

Eurozone Finance Ministers are meeting this weekend to discuss potential debt restructuring for Greece. Debt relief remains conditional on compliance by the Greek authorities with the program targets and only after a successful completion of the first review of the bailout program.

Ireland

Irish GDP rose by 1.9% in the second quarter of 2015, up 6.7% versus last year. Debt/GDP is now expected to drop below 100% already this year.

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 upcoming elections in Greece, Spain (regional and general) and Portugal could cause some volatility.

The fund has an overweight in Portuguese bonds versus Spanish bonds. Portugal benefits disproportionately from QE and we see less risk from elections in Portugal. The fund took profit on its short dated Italian and Spanish bonds as they reached all-time lows in yield. The fund maintains its overweight in 10-year Irish bonds.

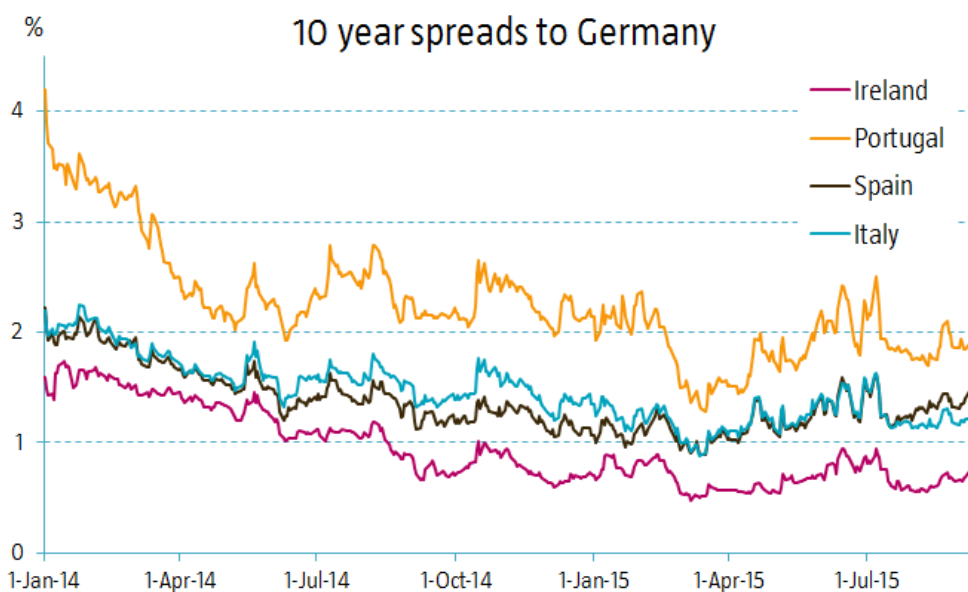
Peripheral bonds make up 34% of the fund. Year-to-date the fund's absolute performance is 0.20%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD September 10, 2015. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

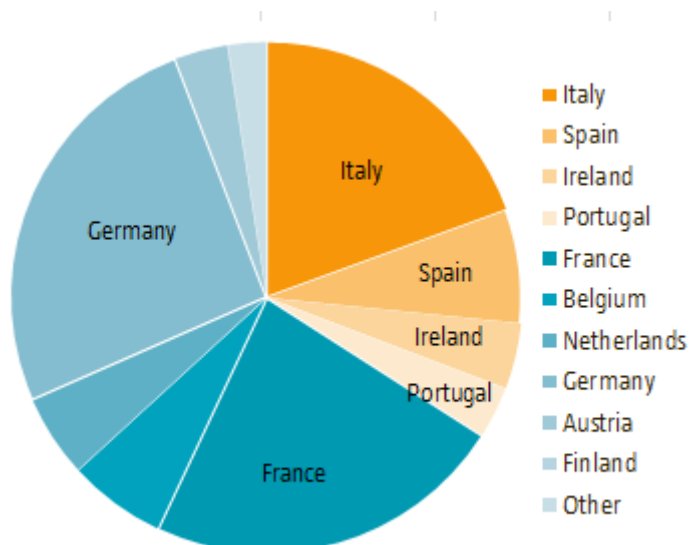
maturity	German yields	Spreads	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.24	0.06										
2	-0.22	0.06	0.34	0.35	0.01	0.05	0.04			0.11	0.01	0.52
3	-0.18	0.08	0.47	0.55	0.03	0.05	0.06	22.5		0.18	0.07	0.73
4	-0.09	0.10	0.61	0.76	0.05	0.13	0.09			0.16	0.07	0.98
5	0.04	0.15	0.76	0.94	0.05	0.14	0.08	16.0		0.31	0.10	1.25
6	0.14	0.26	0.93	1.25	0.10	0.19	0.16			0.29	0.12	1.47
7	0.26	0.29	1.05	1.40	0.12	0.24	0.23			0.42	0.24	1.81
8	0.39	0.31	1.19	1.43	0.18	0.26	0.25					0.21
9	0.55	0.37	1.20	1.46	0.16	0.27	0.26			0.58	0.19	1.80
10	0.69	0.41	1.17	1.42	0.18	0.33	0.28	7.96		0.62	0.27	1.88
15	0.95	0.57	1.43	1.72		0.31	0.11	7.41		0.88	0.39	2.09
20	1.21	0.52	1.45			0.48	0.26	7.07				
30	1.45	0.56	1.54	1.81	0.14	0.51	0.23	7.35			0.03	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (September 11, 2015)



Source: Robeco

Important information

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