

Peripheral Europe Update

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- **Renzi wins confidence vote on crucial labor market reform**
- **Foreign holdings of Spanish government debt increased significantly last year**

Main market events

Peripheral bonds were roughly stable last week, while German Bunds rallied a bit. Spanish bonds outperformed other peripheral bonds somewhat. Spanish bonds have returned 14.2% year-to-date, Italian bonds 12.9% and Irish bonds 11.9%.

IMF

In its latest World Economic Outlook, the IMF warned that the recovery in the euro area could stall, and said the ECB should be willing to do more, for example buy sovereign assets.

Spain

Holdings of Spanish central government debt by foreign investors rose to 46% of total debt from 37% a year ago, reflecting the improved perception of Spain.

Catalan leader Artur Mas said he would not push the country to a constitutional crisis by holding the independence vote if it were deemed illegal, but that he would pursue a longer-term strategy to achieve an independent Catalonia.

Italy

The Italian Government won a confidence vote in the Senate on the controversial labor market reform, which is a major achievement for PM Renzi. This also was the key reform for former prime-minister Monti, but he failed to get this passed.

Portugal

Portugal raised EUR 1bln debt as it sold 6-year bonds in its first bond auction in four months. The auction attracted interest of 1.8 times the amount allotted.

Robeco Euro Government Bonds

We remain positive on peripheral bond markets. The ECB's policy remains very supportive for peripheral bond markets. The ABS purchase program will likely benefit Spain and Italy most. Further unconventional measures from the ECB remain very well possible. The expansion of the ECB balance sheet will continue to spur the search for yield. Peripheral bonds remain attractive in this environment.

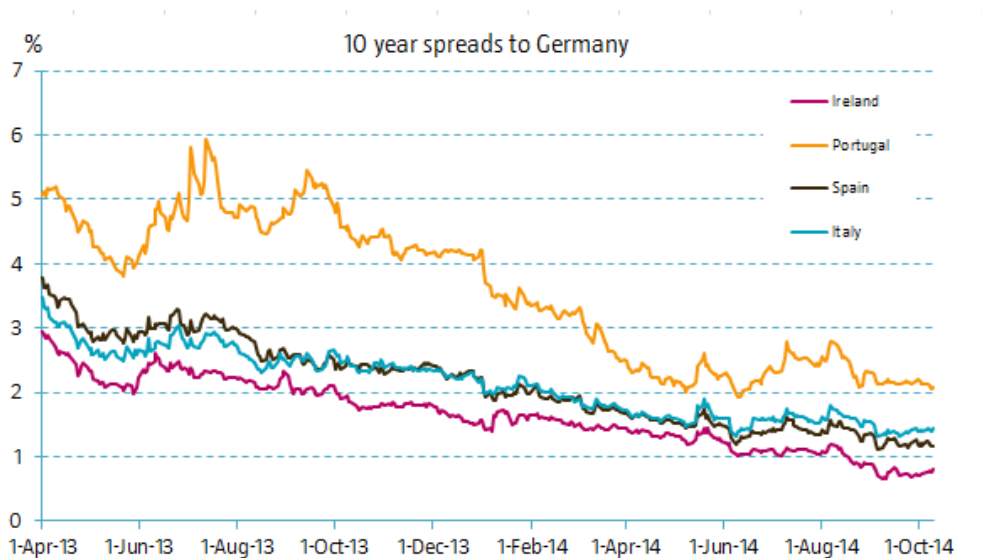
We remain overweight Spanish, Italian, Irish and Portuguese debt. Peripheral bonds make up 60% of the fund, almost half of which Italian. Year-to-date the fund's absolute performance is 11.11%*, helped by the strong performance of periphery bonds.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD October 09, 2014.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

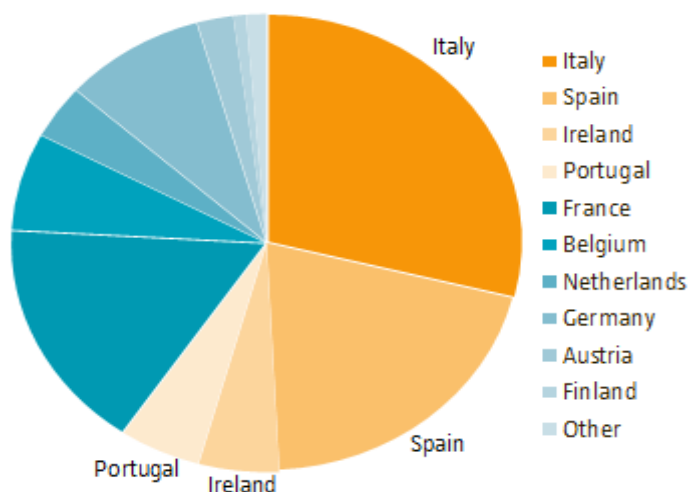
maturity	German yields	Spreads	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.06	0.03										
2	-0.06	0.07		0.50	0.46	0.03	0.04	0.04		0.09	0.03	0.64
3	-0.04	0.08		0.67	0.59	0.06	0.05	0.04	3.98	0.27	0.03	1.04
4	0.02	0.15		0.82	0.67	0.12	0.07	0.07		0.40	0.08	1.31
5	0.15	0.18		0.90	0.72	0.12	0.12	0.06	4.56	0.36	0.07	1.46
6	0.25	0.22		1.08	0.86	0.11	0.19	0.13		0.51	0.10	1.62
7	0.39	0.27		1.19	0.81	0.14	0.23	0.19		0.42	0.12	1.79
8	0.57	0.29		1.37	0.82	0.13	0.26	0.11				0.19
9	0.72	0.28		1.37	1.12	0.16	0.26	0.21		0.79	0.14	2.17
10	0.89	0.36		1.44	1.17	0.15	0.27	0.21	5.61	0.81	0.13	2.08
15	1.33	0.51		1.63	1.34		0.25	-0.04	6.00			0.08
20	1.60	0.41		1.65			0.42	0.10	5.92			
30	1.81	0.49		1.84	1.58	0.03	0.49	0.09	5.30			

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (October 10, 2014)



Source: Robeco

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