

Peripheral Europe Update

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- **IMF walks out of negotiations**
- **Spanish regions form government with new Ciudadanos party**

Main market events

Peripheral markets rallied this week as hopes of a Greek deal rose, but this move reversed at the end of the week after IMF negotiators had headed back to Washington, stating that the gaps hadn't been bridged at all. Portuguese bonds have returned 0.8% this year, Italian bonds -0.3%, Irish bonds -1.4% and Spanish bonds -1.8%.

Greece

Apparently a 9-month extension of the current program is on the table, in which Greece gets a pay-out that helps them through to March 2016, in exchange for some reforms. In the nine months to come, a longer term plan, including a debt write off, can then be discussed.

Spain

Both the currently governing Partido Popular and the Socialists Party have agreed with the new moderate 'Ciudadanos' party to form governments in the regions of Madrid and Andalusia, respectively. Both parties gave in to the demands made by Ciudadanos to clean up the alleged corruption cases. The ability to form moderate coalition governments is quite promising ahead of the national elections later this year.

Issuance

This Thursday Italy, Spain and Ireland issued bonds. It is very rare that all three countries issue on the same day. This was seen as a risk event, but helped by some positive headlines on Greek negotiations all auctions went well. A total of around EUR 13 billion was issued.

Ireland

S&P raised Ireland's credit rating to A+. S&P stated the upgrade was due to improved fiscal performance, higher state asset sales and robust economic performance.

Robeco Euro Government Bonds

We remain cautious on the periphery, as the current negotiations around Greece are getting in a final stage. This means more headlines, which might drive markets up and down. 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. In the end we expect a solution will be found, but likely only in the final hour. The fund has an overweight position in Irish bonds versus Germany and an underweight position in Italian bonds versus Germany. The fund has no exposure to Portuguese bonds anymore.

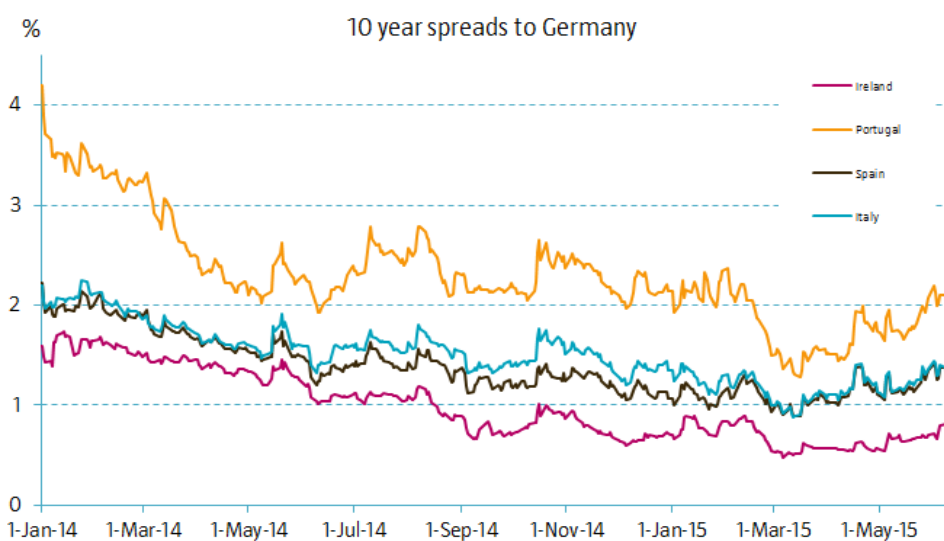
Peripheral bonds make up 39% of the fund. Year-to-date the fund's absolute performance is -1.41%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD June 11, 2015.
The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

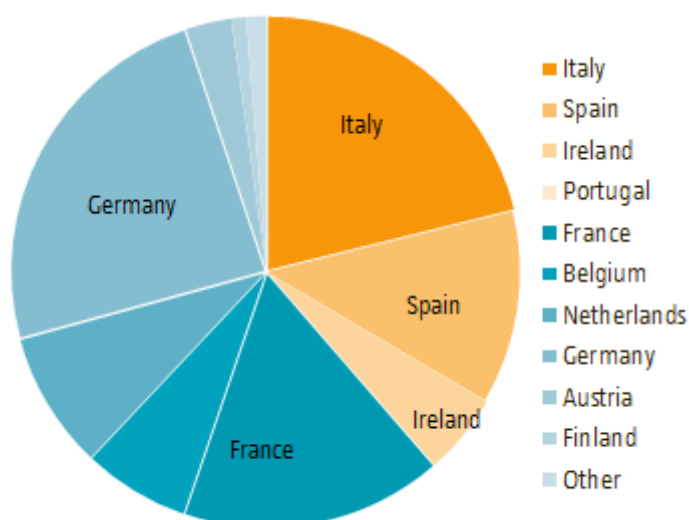
maturity	German yields	Spreads									
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal
1	-0.22	0.06									
2	-0.18	0.03	0.40	0.25	0.02	0.05	0.08		0.27	0.03	0.24
3	-0.12	0.10	0.69	0.48	0.08	0.13	0.16	22.4	0.35	0.13	0.62
4	0.00	0.16	0.84	0.60	0.05	0.20	0.22		0.30	0.14	1.18
5	0.18	0.18	0.95	0.85	0.03	0.17	0.14	15.8	0.43	0.08	1.47
6	0.28	0.22	1.16	1.13	0.18	0.27	0.24		0.44	0.04	1.73
7	0.41	0.28	1.29	1.18	0.23	0.35	0.33		0.57	0.02	1.49
8	0.58	0.30	1.36	1.28	0.23	0.34	0.31			0.11	
9	0.72	0.33	1.41	1.37	0.22	0.36	-0.61		0.67	0.09	1.98
10	0.88	0.34	1.30	1.29	0.20	0.36	0.16	10.35	0.71	0.07	2.06
15	1.19	0.45	1.58	1.60		0.26	0.05	9.08	0.89	0.13	2.20
20	1.40	0.39	1.66			0.37	0.16	8.00			
30	1.57	0.50	1.72	1.74	0.11	0.46	0.16	7.23		0.00	

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (June 12, 2015)



Source: Robeco

Important information

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