

Peripheral Europe Update

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- **Catalan pro-independence parties start process of secession**
- **Creditors delay bailout payment to Greece**

Main market events

Peripheral bonds performed more or less in line with German bonds this week, except for Portugal. The political situation in Portugal isn't likely to be resolved soon, which might even result in new elections taking place somewhere next year. Portuguese bonds have returned 3.4% this year, Italian bonds 4.9%, Irish bonds 1.6% and Spanish bonds 2.1%.

Portugal

The recently appointed Prime Minister Coelho presented his government to the President on Thursday and now has up to ten days to present his program to parliament. The left wing parties already announced they will vote down every program, in which case the government needs to step down and the President would have to nominate a new prime minister.

Greece

Disbursement of the next bailout tranche to Greece has been delayed to November as Greece has only implemented a third of the required 'prior actions' necessary for releasing the funds.

Italy

The major trade unions have threatened to strike as resources made available in the 2016 budget draft for public sector wage increases are way off what they would consider acceptable.

Spain

The Catalan pro-independence parties filed a motion to begin officially the process of secession from Spain and the creation of a new republican state of Catalonia. Approval by the Catalan parliament will be a clear step of raising the level of confrontation with the central government.

Robeco Euro Government Bonds

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 risk aversion in wider financial markets (related to emerging markets, commodities and weaker global growth) and further political uncertainty can weigh on the periphery.

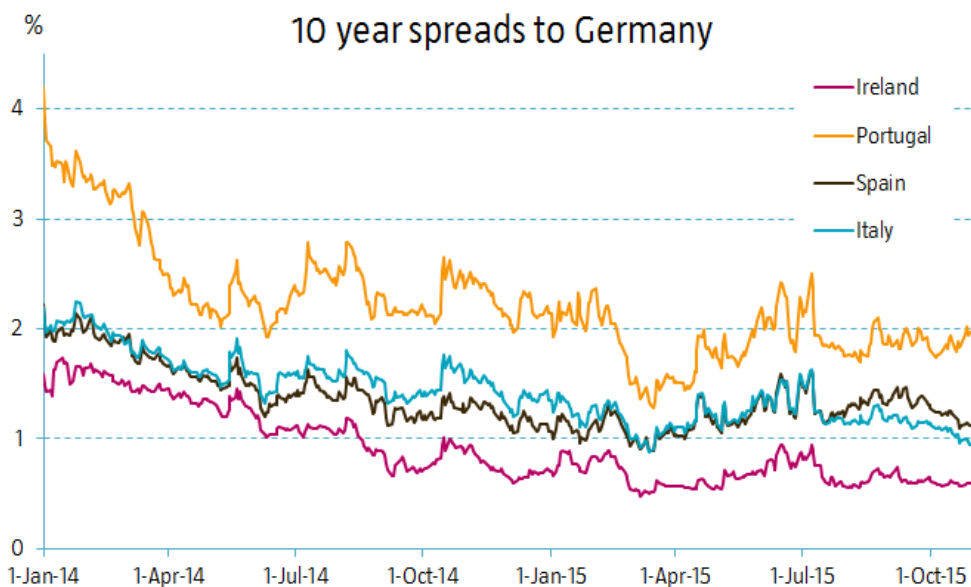
The fund took profit on its overweight Spain versus underweight Italy position as political tensions in Spain might re-emerge in coming weeks. Currently the fund has overweight positions in Portugal and Ireland versus underweight positions in Spanish and Italian bonds. Portugal benefits disproportionately from QE and strong economic growth is rapidly improving the Irish debt metrics. Peripheral bonds make up 34% of the fund. Year-to-date the fund's absolute performance is 2.12%*.

* Robeco Euro Government Bonds, gross of fees, based on Net Asset Value, YTD October 29, 2015. The value of your investments may fluctuate. Past results are no guarantee of future performance.

Current spreads and the movement over time

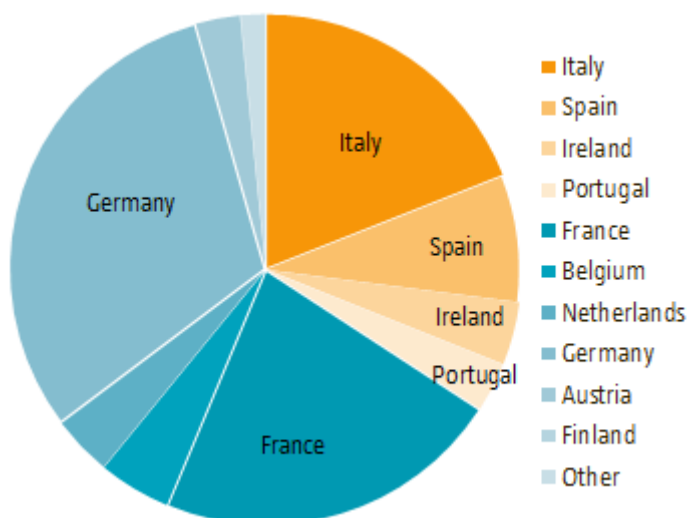
maturity	German yields	Spreads										
		France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Ireland	Finland	Portugal	
1	-0.34	0.09										
2	-0.33	0.05	0.37	0.36	0.01	0.05	0.06		0.14	0.03	0.63	
3	-0.29	0.11	0.43	0.47	0.05	0.04	0.06	22.6	0.21	0.06	0.81	
4	-0.21	0.15	0.50	0.60	0.05	0.11	0.09		0.30	0.07	1.13	
5	-0.08	0.17	0.58	0.74	0.03	0.10	0.05	16.1	0.34	0.08	1.33	
6	-0.01	0.21	0.76	0.99	0.09	0.16	0.14		0.51	0.09	1.56	
7	0.10	0.24	0.96	1.11	0.12	0.21	0.21		0.64	0.19	1.90	
8	0.23	0.25	0.97	1.14	0.16	0.22	0.23			0.17		
9	0.38	0.30	1.04	1.16	0.14	0.24	0.24		0.76	0.18	1.90	
10	0.52	0.34	0.95	1.12	0.16	0.28	0.26	7.32	0.59	0.26	1.96	
15	0.77	0.60	1.17	1.39		0.29	0.13	7.12	0.84	0.41	2.25	
20	1.02	0.46	1.20			0.46	0.30	6.79				
30	1.26	0.50	1.30	1.48	0.15	0.49	0.25	7.54		0.06		

Source: Bloomberg



Source: Bloomberg

Country allocation Robeco Euro Government Bonds (October 29, 2015)



Source: Robeco

Important information

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