Candriam Luxembourg

Partnership limited by shares

("Management Company")

Acting on behalf of the **Candriam Total Return** fund (the "Fund")

136, route d'Arlon L-1150 LUXEMBOURG
Trade and Companies' Register Luxembourg B-37647

Notice to unit-holders

The unit-holders are hereby advised of the following changes to the fund prospectus (the "Prospectus") with effect from **23 November 2015**:

1. Candriam Total Return Bond sub-fund (the "Sub-fund")

1.1 Change of investment policy

The investment policy will be updated and will now read as follows:

"*This Sub-fund sets an optimum allocation in the bond segments with an absolute return target on the recommended management horizon. This does not, however, constitute a guarantee.*

The assets of this Sub-fund are invested principally – via investment funds (Target Funds), UCITS as well as AIFs meeting the criteria in Article 41 (1) e) of the Law – in debt securities (bonds and other equivalent securities) which may notably be at fixed or variable rates, indexed, subordinated or backed by assets.

These securities are issued by private sector issuers, issued or guaranteed by governments, international and supranational organisations, public entities and semi-public issuers.

The remainder of the assets may be invested in marketable securities (notably convertible bonds including Contingent Convertible Bonds (CoCos) for a maximum of 5% of net assets) or money-market instruments other than those described above, or in cash.

Assets will be denominated in the currencies of developed countries such as EUR, USD, JPY, GBP or emerging currencies such as BRL, MXN, PLN.

Exposure to the credit market and to risk assets in general:
Although the main object of the Sub-fund is to benefit from the shrinkage of credit spreads (with the risk of losses if they expand), it may enter into opposite positions in order to benefit from an expansion of credit spreads (with the risk of losses if they shrink).

In the first situation, the positive exposure is created either through the purchase of debt securities (bonds and other equivalent securities), or through the sale of protection in the "credit default swaps" (CDS) market. However, it is only possible to create a negative exposure through the purchase of protection in the CDS market.

The "positive" exposure can reach a maximum of +60% of the combined total of "risk" assets (emerging market bonds, bonds with a rating of less than BBB-/Baa3 (high yield), convertible bonds).

The combined "negative" exposure of these "risk" assets must be between 0 and -20%.

The total duration of the portfolio may vary between -5 years and +10 years.

The Sub-fund may also, in order to implement its strategy, make use of derivative financial techniques and instruments on the regulated or over-the-counter markets for the purpose of hedging, exposure or arbitrage. In so doing, exposure to derivative financial instruments can be high.

The underlyings of these derivative financial instruments can be currencies, interest rates, credit spreads and volatility spreads such as swaps (currency exchange swaps, interest rate swaps, credit default swaps, inflation swaps), forwards, options and futures.
For example the Sub-fund may also make use of interest rate, credit or currency transactions for the purpose of hedging, exposure and/or arbitrage."

1.2 Risk factors

The risk factors applicable to the Sub-fund will be updated in the Prospectus Fact Sheet.

1.3 Risk management

The total derivatives commitment will no longer be calculated using the commitment approach but using the absolute VaR approach as described in the section entitled *Risk management* of the Prospectus.

The total risk of all the portfolio derivative positions may not exceed an absolute VaR of 20%. This VaR will account for a confidence interval of 99% and a timeframe of 20 days.
The expected leverage of this Sub-fund should vary between 100% and 450%. This leverage will be calculated for each derivative instrument according to the notional value method and is added to the securities portfolio of the Sub-fund. The Sub-fund could, however, be exposed to a higher leverage.
This high leverage is explained by the usage of forward contracts on interest rates whose nominal values are not always adequately indicative of the risk actually incurred.

2. Marketing function

Section 3.3 entitled *Marketing function* of the Prospectus will be updated and will now read as follows: "*The marketing function consists in coordinating the marketing of units of the Fund through distributors and/or intermediaries designated by the Management Company (hereinafter "Distributors"). A list of Distributors can be obtained by investors free of charge from the Management Company's registered office.*
Distributor or investment agreements may be entered into by the Management Company and the various Distributors.
Under these agreements, the Distributor, in its capacity as nominee, will be entered in the register of unitholders instead of the customers who have invested in the Fund.
These agreements stipulate that a customer who has invested in the Fund through the Distributor may at any time request the transfer of the units purchased via the Distributor into his or her own name in the register upon receipt of the transfer instructions from the Distributor.
Unitholders may subscribe directly to the Fund without the need to go through a Distributor.
Any Distributor appointed must apply the procedures to combat money laundering as defined in the Prospectus.
The appointed Distributor must have the legal and regulatory status required to market the Fund and be situated in a country subject to duties of compliance with measures to combat money laundering and terrorist financing equivalent to those under Luxembourg law or European Directive 2005/60/EC. "

3. Risk factors

The definition of risk factors will be updated in the Prospectus. We advise investors to carefully read this section.

4. Diversification of financial guarantees for OTC derivative products and efficient portfolio management techniques

Following clarifications from ESMA (European Securities and Markets Authority), the text concerning diversification of financial guarantees for OTC derivative products and efficient portfolio management techniques has been updated in the Prospectus. We advise investors to carefully re-read this section.

5. Investment in UCIs/UCITS

By virtue of being a fund of funds, investing in the Fund, if investing in UCIs/UCITS, gives rise to the deduction of fees and costs from the Sub-fund and from the UCIs/UCITS invested in. Investors are hereby advised that the applicable rates have been updated: the management fee for the underlying instruments is usually a maximum of 1% per annum of the average net assets for bond underlyings and a maximum of 0.50% per annum of the average net assets for monetary underlyings.

****

Unit-holders who do not accept these changes may apply for the redemption of their units free of charge for a period of one month from **23 October 2015**.

The prospectus dated **23 November 2015** and the key investor information documents are available from the registered office of the Management Company or may be obtained free of charge from the following address: www.candriam.com.