

CANDRIAM BONDS

Société d'Investissement à Capital Variable [open-ended investment company] [SICAV]
14, Porte de France
L – 4360 Esch-sur-Alzette
Registered with the Luxembourg Trade & Companies' Registry under number B-30659

REGISTERED POST

Name and address
Shareholder

Luxembourg, 22 May 2018

NOTICE TO SHAREHOLDERS

Dear Shareholder,

Shareholders are advised that the Board of Directors of the SICAV has decided to make the following changes to the Prospectus of the SICAV:

1. General Data Protection Regulation

The following clause regarding General Data Protection Regulation 2016/679 (GDPR) will be inserted into the Prospectus of the SICAV:

"In accordance with the provisions of the Luxembourg law on the protection of persons with regard to the processing of personal data, and all applicable local laws and regulations, in each case, as amended, revised or replaced [including pursuant to the entry into force of Regulation (EU) 2016/679 (the "GDPR")], the Management Company collects, stores and processes, by electronic or other means, the personal data of investors for the purpose of performing the services required by the investors and complying with its legal and regulatory obligations. Investors' personal data processed by the Management Company include, in particular, their name, contact details (including postal or email address), TIN, banking details, and invested amount and holdings in the Fund ("Personal Data"). The investor may at his/her discretion refuse to communicate Personal Data to the Management Company. In this case, however, the Management Company may reject a request for Shares. Each investor has a right to: (i) access his/her Personal Data (including, in certain cases, in a commonly used, machine readable format); (ii) have their Personal Data rectified (where they are inaccurate or incomplete), (iii) have their Personal Data erased where the Management Company or the SICAV no longer has any legitimate reasons to process them; (iv) have their Personal Data restricted; (v) object to the processing of their Personal Data by the Management Company in certain circumstances; and (vi) lodge a complaint with the applicable supervisory authority, by writing to the Management Company at its registered office. Personal Data are processed, in particular, for the purposes of processing subscriptions, redemptions and conversions of Shares and payments of dividends to investors; account administration; client relationship management; performing controls on excessive trading and market timing practices; tax identification, as may be required under Luxembourg or foreign laws and regulations [including laws and regulations relating to FATCA or CRS ("CRS" stands for "Common Reporting Standard" and means the Standard for Automatic Exchange of Financial Account Information in Tax matters, as developed by the OECD and implemented in particular by Directive 2014/107/EU)]; and compliance with applicable anti-money laundering rules. Personal Data supplied by investors are also processed for the purpose of maintaining the register of shareholders of the SICAV. In addition, Personal Data may be processed for marketing purposes. Each investor has the right to object to the use of his/her Personal Data for marketing purposes by writing to the SICAV. The Management Company may ask investors for their consent to collect or process their Personal Data on certain occasions, for example, for the purposes of marketing. Investors can withhold this consent at any time. The Management Company also processes investors' Personal Data where necessary to fulfil its contract with the investor, or when required by law, such as if the SICAV receives a request from law enforcement or other government officials. The Management Company also processes investors' Personal Data when it is in its legitimate interests to do this and when these interests are not overridden by investors' data protection rights. For example, the SICAV has a legitimate interest in ensuring its effective operation. Personal Data may be transferred to affiliates and third-party entities supporting the activities of the SICAV, which include, in particular, the Management Company, Central Administration, Custodian, Transfer Agent and Distributors that are located in the European Union. Personal Data may also be transferred to entities which are located in countries outside the European Union and whose data protection laws may not offer an adequate level of protection. By subscribing for Shares, each investor expressly consents and agrees to the transfer and processing of his/her Personal Data to/by the entities referred to above, including entities located outside the European Union and, in particular, in countries which may not offer an adequate level of protection. The Management Company or the SICAV may also transfer Personal Data to third parties, such as government or regulatory agencies, including tax authorities, in or outside the European Union, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose the same to foreign tax authorities. Investors can request further information about how the SICAV ensures that transfers of Personal Data comply with the GDPR by contacting the SICAV at the registered office of the Management Company. Personal Data will not be retained for a period longer than necessary for the purpose of data processing, subject to applicable legal minimum retention periods."

2. Definition of R class

The definition of R class shares has been changed and will now read as follows:

"An R class, reserved for financial intermediaries (including distributors and platforms) which: (i) have different arrangements with their clients for the provision of investment services in connection with the sub-fund, and (ii) as a result of their applicable laws and regulations, are not entitled to receive or hold duties, fees and other monetary benefits from the Management Company in connection with the provision of the above-mentioned investment services."

3. Types of authorised financial collateral

Cash may be denominated in a currency of an OECD member state.

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4. Increase in the maximum management fee for certain classes of certain sub-funds

The amount of the maximum management fee for the following classes has been changed as follows:

Sub-fund	Class	Former percentage	New percentage
Candriam Bonds Emerging Debt Local Currencies	Classique	1.00%	1.20%
Candriam Bonds Emerging Debt Local Currencies	R2	0.25%	0.30%
Candriam Bonds Emerging Markets	Classique	1.00%	1.20%
Candriam Bonds Emerging Markets	LOCK	1.00%	1.20%
Candriam Bonds Emerging Markets	R2	0.25%	0.30%
Candriam Bonds Euro Corporate	Classique	0.60%	0.75%
Candriam Bonds Euro Corporate	R2	0.15%	0.19%
Candriam Bonds Euro High Yield	Classique	1.00%	1.20%
Candriam Bonds Euro High Yield	LOCK	1.00%	1.20%
Candriam Bonds Euro High Yield	N	1.40%	1.60%
Candriam Bonds Euro High Yield	R2	0.25%	0.30%
Candriam Bonds Global Government	I	0.20%	0.30%
Candriam Bonds Global High Yield	Classique	1.00%	1.20%
Candriam Bonds Global High Yield	R2	0.25%	0.30%
Candriam Bonds International	Classique	0.60%	0.75%
Candriam Bonds International	LOCK	0.60%	0.75%
Candriam Bonds International	R2	0.15%	0.19%

5. Candriam Bonds Euro Government Investment Grade sub-fund

5.1. The Candriam Bonds Euro Government Investment Grade sub-fund has been renamed Candriam Bonds **Euro Diversified**.

5.2. The investment policy has been amended to reflect the *diversified* dimension that the asset manager would like to bring to the sub-fund. In particular, it has been determined that:

- The debt securities in which the sub-fund largely invests will have a **maturity of between 1 and 10 years**. In addition to being at fixed or variable rates or indexed, they may also be **subordinated (up to 10% of net assets) or backed by assets**.
- The scope of issuers of these debt securities has been extended to the **private sector** and **semi-public issuers**.
- Issuers will be considered to be good quality (rated at least BBB-/Baa3 by one of the ratings agencies) **or considered to be of equivalent quality by the Management Company (in particular if there is no rating)**.
- The remainder of the assets may be invested in other transferable securities, and, in particular, **high yield bonds, convertible bonds, inflation-linked bonds, Contingent Convertible Bonds (up to 5% of net assets), asset-backed securities (up to 5% of net assets), mortgage-backed securities (up to 5% of net assets), emerging market bonds, etc.**
- While exposure to currencies other than the euro was systematically hedged against foreign exchange risk, the asset manager now reserves **the right to hedge foreign exchange risk, but this will not be done systematically**.
- The sub-fund may use **Total Return Swaps** corresponding to a maximum of 50% of the sub-fund's net assets. The proportion is normally expected to vary between 0% and 25%.

Investors are advised to read again carefully the new investment policy of the sub-fund.

5.3. The **risk factors** applicable to the sub-fund include:

- Risk of capital loss
- Interest rate risk
- Credit risk
- Liquidity risk
- Risk associated with derivative financial instruments
- Counterparty risk
- Equity risk
- Investment in CoCos risk
- Foreign exchange risk
- Emerging countries risk
- Risk of changes to the benchmark index by the index provider
- Risk related to external factors

5.4. The benchmark used for the purposes of determining the performance fee will be the **Barclays Euro Aggregate 1-10 years index**.

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6. Candriam Bonds Euro Long Term sub-fund

From now on, exposure to currencies other than the euro may be hedged against foreign exchange risk, but this will not be done systematically. The foreign exchange risk factor has been added to the list of risk factors applicable.

7. Candriam Bonds Credit Opportunities sub-fund

The Benchmark used for the purposes of determining the performance fee of classes denominated in Swiss francs is now the SARON Capitalisé index.

8. Risk factors

The risks applicable to each sub-fund have been updated in certain Fact Sheets.
We advise investors to read this information very carefully.

Moreover, a new risk factor has been added to the Prospectus:

Risk of changes to the benchmark index by the index provider: Shareholders should note that the benchmark index provider has full discretion to determine and therefore alter the characteristics of the relevant benchmark index for which it acts as sponsor. Under the terms of the licence contract, an index provider may not be required to give licence holders using the relevant benchmark index (including the SICAV) sufficient notice of changes to the benchmark index. As a consequence, the SICAV will not necessarily be in a position to inform shareholders of the relevant sub-funds in advance of the changes made by the relevant index provider to the characteristics of the relevant benchmark index.

9. Securities lending

Investors are informed that Candriam France is authorised in turn to sub-delegate to another entity all or part of the activity and/or mandates relating to the implementation of lending and borrowing operations of certain sub-funds of the SICAV.

The Candriam Bonds Convertible Defensive and Candriam Bonds Convertible Opportunities sub-funds may use securities lending transactions corresponding to a maximum of 100% of the net assets of the portfolio. The proportion is normally expected to vary between 25% and 50%.

10. Investment holding period

Investors are informed that the investment holding period has been updated in the key investor information documents as follows:

- Candriam Bonds Euro sub-fund: from 2 to 3 years
- Candriam Bonds Euro Government sub-fund: from 2 to 3 years
- Candriam Bonds Euro Government Investment Grade sub-fund: from 2 to 3 years
- Candriam Bonds Euro Long Term sub-fund: from 3 to 4 years
- Candriam Bonds Global Inflation Short Duration sub-fund: from 3 to 2 years
- Candriam Bonds Global Sovereign Quality sub-fund: from 2 to 3 years

These changes will enter into force on **26 June 2018 with the exception of the provisions relating to the GDPR, which will take effect on 25 May 2018 in accordance with the provisions of the regulation.**

Shareholders who do not agree with the above changes may apply for the redemption of their shares, free of charge, for a period of one month from **24 May 2018**.

The Prospectus dated **26 June 2018** and the key investor information documents will be available free of charge from the registered office of the SICAV or may be viewed free of charge on the website: www.candriam.com.

The Board of Directors