

CANDRIAM BONDS

Société d'investissement à capital variable under Luxembourg law
(the "SICAV")
5, Allée Scheffer
L – 2520 Luxembourg
R.C.S. B-30659

REGISTERED POST

Luxembourg, 12 February 2024

NOTICE TO SHAREHOLDERS

Dear Shareholders,

The Board of Directors wishes to inform you of the following:

1/ Update to pre-contractual documents (PCD) published

In consultation with the management company, the Board of Directors of the SICAV has decided to provide more details of the following sections of the PCDs:

- Which environmental and/or social characteristics are promoted by this financial product?
- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the financial product?
- How do the sustainable investments that the financial product intends to pursue not cause significant harm to any environmental or social sustainable investment objective?
- Does this financial product take account of the principal adverse impacts on sustainability factors?
- What asset allocation is planned for this financial product?
- What investments come under the “#2 Not sustainable” category, what is their purpose and are there any minimum environmental or social safeguards?

2/ Candriam Bonds Credit Opportunities & Candriam Bonds Credit Alpha

The Candriam Bonds **Credit Opportunities** and Candriam Bonds **Credit Alpha** sub-funds which up to now did not have a sustainable investment objective and did not specifically promote environmental and/or social characteristics within the meaning of the SFDR Regulation, are now classified Art. 8 of this same SFDR Regulation, and thus promote environmental and/or social characteristics without however having a sustainable investment objective.

The sub-funds will take into account an analysis of ESG criteria as set out in the Prospectus and more specifically in the SFDR Appendix.

3/ Rating of the issuers

The Candriam Bonds **Euro**, Candriam Bonds **International** and Candriam Bonds **Floating Rate Notes** sub-funds invest in securities issued by private sector issuers, issued or guaranteed by governments, international and supranational organisations, public sector entities and semi-public issuers. These issuers are highly rated (at least BBB-/Baa3 by one of the rating agencies at the time of acquisition).

In the same way, the Candriam Bonds **Euro Corporate** sub-fund invests in securities issued by highly rated private sector issuers (rated at least BBB-/Baa3 by one of the rating agencies at the time of purchase).

For these sub-funds, the Board of Directors wishes to remove this notion of *"at the time of acquisition"* and specify that these issuers can be considered to be of comparable quality by the Management Company (except for the Candriam Bonds **Floating Rate Notes** sub-fund which already mentions this second element).

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4/ Candriam Bonds Global Inflation Short Duration – Securities lending transactions

The sub-fund currently has recourse to securities lending transactions in a proportion which varies between **0% and 25%** of the net assets of the portfolio, and which can reach a **maximum of 75%** of the net assets of the portfolio, under certain market conditions.

In light of market opportunities, the Board of Directors has decided to modify these proportions as follows: the expected proportion will be able to vary between **25% and 50%** of the portfolio's net assets and may reach a **maximum of 100%** of the net assets of the portfolio, under certain market conditions.

5/ Tracking error range

Based on the level of *tracking errors* calculated, the Board of Directors has decided, in agreement with the Management Company, to adapt the range expected for the Candriam Bonds **Emerging Debt Local Currencies** sub-fund: the *tracking error* of the sub-fund is significant, i.e. greater than 2.5% (previously the range was between 0.75% and 3%).

6/ Distressed debts

The (i) Candriam Bonds **Emerging Markets** (ii) Candriam Bonds **Emerging Debt Local Currencies** and (iii) Candriam Bonds **Emerging Markets Total Return** sub-funds are authorised to invest in *distressed debts* up to a maximum of 10% of the sub-fund's net assets.

The Board of Directors has decided, for the sake of greater transparency for investors, to specifically mention this limit in the Prospectus.

7 / Candriam Bonds Emerging Debt Local Currencies

Due to an active recourse to forward foreign exchange transactions in the investment strategy, implying that the sub-fund holds both long and short positions on the same currency at the same time (with negligible exposure after netting), the Board of Directors has decided to adapt the leverage levels of the sub-fund. As an indication, leverage should vary between 50% and **200%** of net assets (150% previously).

8/ Candriam Bonds Euro Diversified

Since the manager of the Candriam Bonds **Euro Diversified** sub-fund wishes to put a foreign exchange strategy in place, the Board of Directors has decided to delete the following sentence from the Prospectus: "*Exposures to currencies other than the EUR may be hedged against the foreign exchange risk, but this will not be done systematically.*"

Investors are furthermore invited to familiarise themselves with the list of risk factors set out in the technical fact sheet of the sub-fund. The arbitrage risk in particular has been added.

9/ Candriam Bonds Floating Rate Notes

The Board of Directors has decided to rename the existing classes I and V in the Candriam Bonds **Floating Rate Notes** sub-fund in I2 and V2 respectively as follows:

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Former name of the class		New Name
I, capitalisation denominated in EUR	LU1838941539	I2 , capitalisation denominated in EUR
I, distribution denominated in EUR	LU2425448037	I2 , distribution denominated in EUR
I-H, capitalisation denominated in USD	LU2592305358	I2-H , capitalisation denominated in USD
V, capitalisation denominated in EUR	LU1838941885	V2 , capitalisation denominated in EUR

Since the Board of Directors has furthermore decided to create a new share class **I** with a performance fee, a *Benchmark* section has been inserted into the Prospectus as follows:

The sub-fund is actively managed and its investment approach implies a reference to a benchmark. The benchmark used does not explicitly take sustainability criteria into account.

<i>Benchmark name</i>	€STR (Euro Short Term Rate) Capitalized + 0.15%
<i>Benchmark definition</i>	Short term rate in euros that reflects unsecured overnight borrowing costs in euros for banks in the euro zone.
<i>Use of the benchmark</i>	- to compare performance, - to calculate the outperformance fee for some share classes. For share classes in currencies other than the currency of the sub-fund, another corresponding index may be used in order to calculate performance fees as applicable (see "Outperformance fee" below)
<i>Benchmark provider</i>	European Central Bank The Management Company has adopted robust written plans to cover the cases where the publication of the benchmark index has been stopped or where major changes in that benchmark have occurred. The Board of Directors of the SICAV, based on these plans, may choose another benchmark, if appropriate. Any such change of benchmark will be reflected in an updated Prospectus. Such plans are available free of charge, upon request, at the registered office of the Management Company.

10/ Candriam Bonds Total Return

Since the Candriam Bonds **Total Return** sub-fund is managed in a more defensive manner, the Board of Directors has decided to adjust the sub-fund's benchmark index. Thus, the current index €STER Capitalized +2% will be replaced by €STER capitalized.

The indices used to calculate performance fees will also be modified as follows:

Class	Currency	ISIN	Provisioning rate	Former minimum applicable return rate	New minimum applicable return rate
I	EUR	LU0252132039	20%	Capitalised €str +2% (floored at 0)	Capitalised €str (floored at 0)
I	EUR	LU1120698102		Capitalised SONIA +2% (floored at 0)	Capitalised SONIA (floored at 0)
V	EUR	LU1269892375		Capitalised FED FUNDS EFFECTIVE RATE US +2% (floored at 0)	Capitalised FED FUNDS EFFECTIVE RATE US (floored at 0)
I-H	GBP	LU1184249305			
I-H	USD	LU1184249644			

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These changes will take effect on **15 March 2024**.

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 **14 February 2024**.

The Prospectus dated **15 March 2024**, and the investor information documents are available free of charge from the registered office of the SICAV or may be obtained free of charge on the following website: <https://www.candriam.lu/en/private/funds-search#>

The Board of Directors