

CANDRIAM Luxembourg

Partnership limited by shares ("société en commandite par actions")
 Acting on behalf of the Fonds Commun
 de Placement under Luxembourg law
Candriam Total Return ("FCP")
 Luxembourg Trade and Companies Register (RCS) K1409
 SERENITY-Bloc B, 19-21, route d'Arlon
 L – 8009 Strassen
 Luxembourg Trade and Companies Register (RCS) B-37 647

CANDRIAM BONDS

Société d'Investissement à Capital Variable
 under Luxembourg law ("SICAV")
 14, Porte de France
 L – 4360 Esch-sur-Alzette
 Luxembourg Trade and Companies Register (RCS)
 B-30659

REGISTERED LETTER

Name and address
 Unitholder/Shareholder

Luxembourg, February 20, 2017

NOTICE TO UNITHOLDERS/SHAREHOLDERS

Dear Shareholder,

1 Merger of Candriam Total Return and Candriam Bonds sub-funds

The board of directors of the management company CANDRIAM Luxembourg, acting on behalf of the FCP Candriam Total Return – an FCP under Part I of the Law of 17 December 2010 on undertakings for collective investment (hereinafter the "Law of 2010") – and the board of directors of the SICAV Candriam Bonds – SICAV under Part I of the Law of 2010 – (hereinafter the "Boards of Directors") have decided, in accordance with the provisions of chapter 18 of the management regulations of the FCP (hereinafter the "Management Regulations"), with the provisions of article 27 of the articles of incorporation of the SICAV (hereinafter the "Articles of Incorporation"), and with the provisions of chapter 8 of the Law of 2010, to carry out the merger by absorption (hereinafter the "Merger") of the only sub-fund in Candriam Total Return, namely Candriam Total Return Bond (hereinafter the "Absorbed Sub-fund"), and one of the sub-funds of the SICAV Candriam Bonds, namely Candriam Bonds Total Return (hereinafter the "Absorbing Sub-fund"), within the meaning of Article 1 (20) a) of the Law of 2010 and on the terms and in accordance with the procedure set forth hereinafter:

ABSORBED SUB-FUND						ABSORBING SUB-FUND				
Name	Class	Unit	Currency	ISIN		Name	Class	Unit	Currency	ISIN
Candriam Total Return Bond	Classique	Cap	EUR	LU0197887259	=>	Candriam Bonds Total Return	Classique	Cap	EUR	LU0252128276
Candriam Total Return Bond	Classique	Dis	EUR	LU0197887689	=>	Candriam Bonds Total Return	Classique	Dis	EUR	LU0252129167
Candriam Total Return Bond	Institutionnelle	Cap	EUR	LU0197888141	=>	Candriam Bonds Total Return	I	Cap	EUR	LU0252132039
Candriam Total Return Bond	Institutionnelle	Dis	EUR	LU0197888570	=>	Candriam Bonds Total Return	I	Dis	EUR	LU1120698102
Candriam Total Return Bond	LOCK	Cap	EUR	LU0574802202	=>	Candriam Bonds Total Return	Classique	Cap	EUR	LU0252128276

2 Background and reasons for the Merger

The Merger is being carried out in the context of a strategic review and rationalisation of the range of funds offered to investors by the Candriam Investors Group, with the aim of offering clients a range of diversified and innovative products.

By combining the "bonds total return" funds, the Merger should allow the Absorbing Sub-fund to be managed more rationally and efficiently given the ensuing potential increase in the assets under management.

By changing the single sub-fund structure to a multiple sub-fund structure, the Merger will also offer unitholders of the Absorbed Sub-fund new investment opportunities.

3 Effects of the Merger on the unitholders/shareholders of the Absorbed and Absorbing Sub-funds

On the Effective Date, as defined below, the Absorbed Sub-fund will, at the time of its dissolution without liquidation, transfer all of its assets and liabilities to the Absorbing Sub-fund, allocating shares in the Absorbing Sub-fund to the unitholders of the Absorbed Sub-fund.

By becoming shareholders of the Absorbing Sub-fund, unitholders of the Absorbed Sub-fund will continue to benefit from the same rights attached to the shares of the SICAV, and in particular the right to attend shareholders' meetings and exercise the voting rights attached to the shares, as well as the right to share profits.

Unitholders of the Absorbed Sub-fund who do not exercise the right to redeem their units as specified below will become shareholders of the Absorbing Sub-fund and will receive in exchange for their units a number of shares of the corresponding class in the Absorbing Sub-fund in accordance with the terms described in point 1 of this Notice and on the basis of the Exchange Ratio, as defined below.

The unitholders included in the register of registered unitholders of the Absorbed Sub-fund will be automatically registered in the register of registered shareholders of the Absorbing Sub-fund.

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No subscription fee shall be charged by the Absorbing Sub-fund to the unitholders of the Absorbed Sub-fund as a result of the Merger.

To simplify the Merger, the investment manager of the Absorbed Sub-fund may, with effect from the publication date of this Notice, adjust the portfolio of the latter to bring it into line with the investment objective and policy of the Absorbing Sub-fund.

The unitholders of the Absorbed Sub-fund will become shareholders of the Absorbing Sub-fund, which will pursue an investment policy that is almost identical to that of their Sub-fund (the management policy will be almost identical, the only difference being a change of management from funds of funds to direct lines).

The characteristics of the Absorbing Sub-fund whose risk profile, investment objectives and policies will not be altered as a result of the Merger.

Again with a view to simplifying the operational aspects of the Merger, subscription and redemption requests will be suspended for the Absorbed Sub-fund with effect from **5 p.m. on March 28, 2017**.

Unitholders of the Absorbed Sub-fund have until **5 p.m. on March 28, 2017** to request the redemption of their units, at no charge (except for the taxes and charges imposed by the authorities of the countries in which the shares are sold).

Unitholders who do not exercise this right within the stated timeframes may exercise their rights as shareholders of the Absorbing Sub-fund as of **12 o'clock noon on March 31, 2017**. A comparison of the principal differences between the Absorbed Sub-fund and the Absorbing Sub-fund is shown in Annex 1 of this Notice.

This Notice is issued to unitholders/shareholders of the sub-funds affected by the Merger so as to allow them to make a fully informed decision on the effect of this Merger on their investment.

Unitholders/shareholders are strongly advised to consult their professional advisers, in particular as regards the possible consequences that the Merger may have on their tax regime.

4 Effective date of the Merger and method of calculation of the Exchange Ratio

On the Effective Date as defined hereinafter, the Absorbed Sub-fund will transfer all its assets and liabilities to the Absorbing Sub-fund and will cease to exist. The FCP Candriam Total Return will therefore no longer exist. The shares of the Absorbed Sub-fund will be cancelled.

The exchange ratio will be calculated by dividing the net asset value of the units of the Absorbed Sub-fund by the net asset value of the shares of the Absorbing Sub-fund (the "Exchange Ratio").

The Exchange Ratio will be calculated on **March 31, 2017** (the "Calculation Date"), on the basis of the net asset values dated **March 29, 2017** for the Absorbed Sub-fund and dated **March 30, 2017** for the Absorbing Sub-fund.

The merger will be effective on **March 31, 2017** (the "Effective Date"), and the first net asset value of the Absorbing Sub-fund will be calculated on **April 3, 2017** based on the merged assets.

The Exchange Ratios will be notified to the unitholders of the Absorbed Sub-fund as soon as possible after the Effective Date.

The Boards of Directors of Candriam Total Return and Candriam Bonds have appointed PricewaterhouseCoopers Luxembourg, 2 rue Gerhard Mercator, BP 1443, L – 1014 Luxembourg as the auditor (hereinafter the "Auditor") to validate the aspects of the Merger stated in article 71 of the Law of 2010.

5 Costs of the Merger

All legal, advisory or administrative costs associated with the preparation and completion of the Merger will be borne by the Management Company, Candriam Luxembourg. Audit fees related to the Merger, and expenses related to rebalancing and transferring the portfolios, will be borne by the Absorbed Sub-fund.

6 Rights of unitholders

In the Absorbed Sub-fund there are no unitholders with special rights or holders of securities other than shares.

All shares to be issued by the Absorbing Sub-fund during this Merger, as described above under point 1 of this Notice, are identical and grant the same rights and benefits to the holders thereof.

The following documents and any additional information can be obtained free of charge on request from the registered office of the Management Company and/or the SICAV:

- the merger proposal;
- the Prospectus;
- key investor information documents for the Absorbing Sub-fund;
- the latest annual and semi-annual report;
- the merger report prepared by the Auditor.

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The Prospectus dated **March 31, 2017** and the key investor information documents of Candriam Bonds 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 Boards of Directors