PROSPECTUS

Candriam Long Short Credit

10 March 2021

CANDRIAM
A NEW YORK LIFE INVESTMENTS COMPANY

I. GENERAL CHARACTERISTICS

Name: CANDRIAM LONG SHORT CREDIT

Legal form of the UCITS: Fonds Commun de Placement (FCP) under French law.

Creation date and anticipated term: Created on 27/10/2009 for a term of 99 years.

Unit	ISIN code	Allocation of distributable income	Ccy	Minimum amount of subscription initial *(*)*	Minimum amount of subscription subscriptions	Original net asset value	Type of subscriber	Foreign exchange risk hedging
Classique	FR0010760694	Capitalisation	EUR	None	None	EUR 10,000.00 (*)	All subscribers	-
C in CHF	FR0011352566	Capitalisation	CHF	None	None	CHF 1,000.00	All subscribers	Full and systematic against the euro
C in USD	FR0013446358	Capitalisation	USD	EUR 250,000.00 or equivalent in USD	None	USD 1,500.00	All subscribers	Full and systematic against the euro
V	FR0011510031	Capitalisation	EUR	EUR 25,000,000.00	None	EUR 1,000.00	All subscribers	-
V in CHF	FR0011910470	Capitalisation	CHF	EUR 25,000,000.00 or equivalent in CHF	None	CHF 1,000.00	All subscribers	Full and systematic against the euro
R	FR0011510056	Capitalisation	EUR	None	None	100.00 EUR	Financial intermediaries (including distributors and platforms) which: (i) have different arrangements with their clients for the provision of investment services in connection with the fund, and (ii) as a result of their applicable laws and regulations, are not entitled to receive duties, fees and other monetary benefits from the Management Company in connection with the provision of the above-mentioned investment services.	-
R2	FR0013254000	Capitalisation	EUR	None	None	150.00 EUR	Management mandates between a client and Belfius Banque in which financial management is delegated to Candriam and for which Belfius Banque does not receive any form of remuneration from a Candriam Group entity	-
RS	FR0013325081	Capitalisation	EUR	100,000,000.00 EUR	None	EUR 150.00	Distributors and intermediaries appointed by the Management Company who will not receive any compensation from the Management Company	-
Z	FR0013254018	Capitalisation	EUR	None	None	EUR 1,500.00	UCIs approved by the Management Company and managed by a Candriam Group entity.	-

(*) Net asset value divided by 10 on 20/02/2013.
(**)The minimum initial subscription amount will not apply to the Management Company, to Candriam Group entities or funds managed by Group entities.

Place where the latest annual and interim reports can be obtained

The latest annual and interim reports will be sent to the unitholder within one week of a request to the Management Company.

CANDRIAM France
40, rue Washington
75008 PARIS
Tel: 01.53.93.40.00
Web site: www.candriam.com
Contact: https://www.candriam.fr/contact/

For further clarification, please contact the Management Company at the address shown above.

Place where latest voting policy can be obtained

The "voting policy" document and the report on the conditions under which the voting rights were exercised can be consulted at the registered office of the Management Company or sent out to any holder who so requests from:

CANDRIAM France
40, rue Washington
75008 PARIS
Tel: 01.53.93.40.00
Web site: www.candriam.com

In order to meet regulatory requirements, the Management Company may, over and above the legal publications, communicate the fund's portfolio composition to certain professional investors.

In accordance with the provisions of the French 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 by operation of EU Regulation 2016/679, "GDPR"), the Management Company collects, stores and processes, by electronic or other means, the personal data of investors for the purpose of providing the services requested by the investors and complying with its legal and regulatory obligations. The personal data processed by the Management Company includes, in particular, the name, contact details (including postal or email address), the tax identification number (TIN), banking details, 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 subscription application for units. Investors are entitled: (i) to consult their Personal Data (including, in certain cases, in a format in widespread use which is machine readable); (ii) to have their Personal Data corrected (if it is incorrect or incomplete); (iii) to have their Personal Data deleted if the Management Company or the fund no longer has a legitimate reason to process it; (iv) to impose a limit on the processing of their Personal Data; (v) to prevent their Personal Data being processed by the Management Company under certain circumstances; and (vi) to file a complaint with the relevant regulator by writing to the Management Company at the address of its registered office. Personal Data is processed, in particular, for the following purposes: processing subscriptions, redemptions and conversions of units 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 French or foreign laws and regulations (including laws and regulations relating to FATCA or CRS. CRS is the Common Reporting Standard, an information standard for the automatic exchange of information regarding bank accounts between tax authorities, developed by the OECD and implemented by Directive 2014/107/EU); and compliance with applicable anti-money laundering rules. Personal Data supplied by investors is also processed for the purpose of maintaining the register of unitholders of the fund. In addition, Personal Data may be processed for prospecting purposes. Investors have the right to object to the use of their Personal Data for prospecting purposes by writing to the fund. 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. The investors can withdraw this consent at any time. The Management Company also processes investors' Personal Data where necessary to fulfil its contract with the investors in question, or when required by law, such as if the fund receives a request from law enforcement or other government officials. The Management Company also processes investors' Personal Data when this is in its legitimate interests to do this and when these interests are not overridden by investors' data protection rights. For example, there is a legitimate interest in ensuring the effective operation of the fund.

Personal Data may be transferred to affiliates and third-party entities supporting the activities of the fund which include, in particular, the Management Company, administrator, depositary, 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 do not necessarily guarantee an adequate level of protection. When subscribing for units, all investors expressly agree to the transfer and processing of their Personal Data to and by such entities, including those located outside the European Union, and in particular in those countries which do not necessarily guarantee an adequate level of protection. The Management Company or the fund may also transfer Personal Data to third parties such as governmental or regulatory bodies, 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 French tax authorities, which may in turn, acting as the data controller, disclose it to foreign tax authorities. Investors can obtain more detailed information about how the fund ensures that transfers of Personal Data comply with the GDPR by contacting the fund at the registered office of the Management Company. Personal Data will not be retained for a period longer than necessary for the purpose of the data processing, subject to applicable legal minimum retention periods.

II. ORGANISATIONS

Management company:
CANDRIAM France
Authorised on 19 March 2003 under number GP 03007
Registered office: 40, rue Washington
75008 PARIS
Postal address: F-75408 PARIS Cedex 08

Depositary – custodian:
CACEIS BANK
Société Anonyme (Public Limited Company)
Registered office: 1-3 Place Valhubert
75013 PARIS
Postal address: 75206 Paris Cedex 13

Principal activity: Bank and investment services provider authorised by CECEI on 1 April 2005.

The duties of the depositary, as defined in the applicable regulations, include the safekeeping of assets, compliance oversight of the Management Company's decisions, and liquidity monitoring of the FCP.

The depositary is independent of the Management Company.

A description of delegated safekeeping functions, the list of delegates and sub-delegates of CACEIS Bank, and information about potential conflicts of interest arising from these delegations are available on the CACEIS web site: www.caceis.com

Up-to-date information is available to investors on request.

Auditors:
PRICEWATERHOUSECOOPERS - AUDIT
Registered office and postal address: 63, rue de Villiers
92200 Neuilly Sur Seine
Signatory: Mr. Amaury Couplez

Delegates:
Fund administration and accounting:
CACEIS Fund Administration
Registered office: 1-3 Place Valhubert
75013 PARIS
Postal address: 75206 Paris Cedex 13

Management of liabilities and fund centralisation:
CACEIS BANK
Société Anonyme (Public Limited Company)
Registered office: 1-3 Place Valhubert
75013 PARIS
Postal address: 75206 Paris Cedex 13

The Management Company CACEIS Bank is responsible, by delegation of the Management Company, for managing the liabilities of the FCP, including the centralisation and processing of subscription and redemption orders for units of the FCP.

Up-to-date information is available to investors on request.

Marketing agents:
CANDRIAM France
Registered office: 40, rue Washington
75008 PARIS
Postal address: F-75408 Paris Cedex 08

Candriam France may delegate the marketing of fund units to any third party duly authorised by it. As the fund is admitted to Euroclear France, its units may be purchased or redeemed from financial intermediaries that are not known to the Management Company.

Advisers:
None.

Conflicts of interest policy:
The Management Company has and maintains effective organisational and administrative procedures to identify, manage and monitor conflicts of interest.
The Management Company also has a delegate selection and monitoring procedure and a contractual policy designed to prevent all potential conflicts of interest.

III. OPERATING AND MANAGEMENT PROCEDURES

1. GENERAL CHARACTERISTICS

Rights attached to the units:
Each unitholder has a right of co-ownership of the fund's assets that is proportional to the number of units held.

Entry in a register or note on liabilities holding arrangements:
The depositary is responsible for liability accounting. Euroclear France is responsible for the administration of the units.

Voting rights:
As the units of an FCP do not carry any voting rights, the decisions are made by the Management Company.

Form of the units:
Bearer shares.

Decimalisation:
Yes, each unit is divided into thousandths.

Closing date:
Last net asset value in December.

Information on the tax regime:
The fund is not subject to corporate income tax. In accordance with the transparency principle, the tax authorities take the view that the holder is the direct holder of a fraction of the financial instruments and cash sums held by the fund. The tax regime applicable to the sums distributed by the fund or to the unrealised or realised capital gains or losses of the fund depends on the taxation provisions applicable to the investor and/or the fund jurisdiction. Investors are recommended to consult an adviser on this matter.

2. SPECIFIC PROVISIONS

Management objective:
In connection with its totally discretionary management, the fund's objective is to seek to achieve, over the minimum recommended investment term, an absolute performance exceeding the capitalised EONIA for the C, V, R, R2, Z and RS units in EUR, exceeding the capitalised SARON for the C and V units in CHF and exceeding the EFFR for the C units "in USD", with an average annualised volatility objective of less than 5% under normal market conditions.

Benchmark index:
The index used does not explicitly take sustainability criteria into account.

The fund is actively managed and the investment approach implies a reference to an index.

Index name	**Capitalised EONIA (Euro Overnight Index Average)**. **SARON Interest Rate (Swiss Average Rate Overnight)** **Capitalised Effective Federal Funds Rate – EFFR or Fed Fund**
Index definition	**EONIA**: the interest rate at which financially strong banks in the European Union and the European Free Trade Association lend overnight funds denominated in euros on the interbank markets. **SARON**: represents the overnight interest rate of the secured funding market in Swiss francs (CHF). **Effective Federal Funds Rate (Interest Rate) - EFFR**: the interest rate at which depository institutions lend reserve balances (USD amounts held at Federal Reserve Banks) to each other overnight.
Use of the index	- to compare performance; - to calculate the outperformance fee for some unit categories
Index provider	The EONIA index is provided by European Money Markets Institute, which is an entity registered with ESMA in accordance with Article 34 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014. It is available from https://www.emmi-benchmarks.eu The SARON index is provided by SIX Swiss Exchange, an entity which is covered by transitional provisions of Article 51(1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as

	benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, stating that it has until 1 January 2020 to apply for authorisation or registration in accordance with Article 34 of the Regulation. It is available from https://www.six-swiss-exchange.com/indices/data centre/swiss reference rates/reference rates fr.html The EFFR index is provided by the Federal Reserve Bank of New York (New York Fed) It is available from: https://apps.newyorkfed.org/markets/autorates/fed%20funds
	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 Management Company, 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.

Investment strategy:

The fund's investment strategy is aimed at achieving the investment objective over the recommended investment period, mainly by using arbitrage and directional strategies (both long and short) in corporate credit (particularly industrial and financial companies) through bonds and credit derivatives.

The fund may also invest in convertible bonds with an initial delta of less than 15% and in derivatives for the purposes of hedging convertible or credit positions.

The investment region is mainly Europe, North America and, on an ancillary basis, Japan.

The investment strategy excludes long positions in companies that are significantly exposed to controversial activities (notably tobacco, thermal coal and weapons, etc.). The strategy does not invest in companies that produce, use or hold anti-personnel landmines, cluster bombs, depleted uranium, chemical, biological or white phosphorus weapons.
These exclusions are applicable to direct line investments of which Candriam is the Management Company.

(The delta expresses a convertible bond's sensitivity to its underlying equity; e.g. for every 10% change in the underlying equity, a bond might see a 1.5% change.)

- **Strategy used:**

1. Dynamic strategy

The strategy used consists of active credit risk selection (both long and short), together with a risk management approach aimed at achieving the desired volatility targets.

This fund does not particularly take into account an analysis of ESG aspects, and more precisely it does not have sustainable investment as its objective and does not specifically promote environmental and/or social characteristics, as described in the SFDR Regulation.

The investment strategy excludes companies that are significantly exposed to controversial activities (notably tobacco, thermal coal and weapons, etc.). The strategy does not invest in companies that produce, use or hold anti-personnel landmines, cluster bombs, depleted uranium, chemical, biological or white phosphorus weapons.
These exclusions are applicable to direct line investments of which Candriam is the Management Company.

Under certain conditions, the analysis and selection process may also be accompanied by a dialogue with the companies.
Details of Candriam's exclusions policy and company engagement policy are available on the Management Company's web site at:
https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf
https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf

The investment process is based on constructing a diversified portfolio around investment "opportunities", which are the portfolio's basic building blocks.

These investment "opportunities" are identified as a result of analysis undertaken by the asset managers and analysts responsible for the fund, and may take the following forms:
- credit-buying positions (known as "long" positions) or credit-selling positions ("short" positions),
- arbitrages between two issuers, an issuer and an index or an issuer and a basket of issuers,
- arbitrages between an issuer and a credit derivative issued by that issuer.

All these positions may be constructed within the portfolio using on or off balance sheet instruments.

Investment "opportunities" are identified as a result of both fundamental and quantitative analyses. When carrying out fundamental analysis, the asset managers take into account, inter alia, the following: experience and track record of the management team, company strategy and competitive positioning, earnings visibility, absolute and relative valuation of the company and therefore potential for the credit margin to rise or fall, etc. (This is not an exhaustive list.)

To conduct the analysis, the asset manager has the corporate documentation (annual reports, roadshows, one on ones etc.), rating agency reports, external broker analyses, press analyses etc. This list is not exhaustive.

This fundamental analysis is supplemented by quantitative analysis. This quantitative analysis is based, inter alia, on internal models for assessing the intrinsic credit quality of an issue and the risk of a widening in credit spreads. This analysis is used to optimise the time at which positions are entered into and unwound.

Investment "opportunities" are assigned to two different segments within the portfolio, depending on the identified investment scenario: the "arbitrage" segment or the "bias" segment. The amount of capital allocated to each segment depends on the market conditions.

The fund's total net credit exposure will vary between -50% and +50% depending on the market opportunities that are identified. This exposure does not include money market instruments and bonds redeemed before maturity at the initiative of the issuer.

Issuers and issues with regard to which the fund has credit exposure are rated at least Caa1 by Moody's and/or CCC+ by Standard & Poor's.

2. Portfolio fund strategy

The strategy consists of constructing a diversified portfolio invested in securities issued by private issuers (corporate debt and securities issued by financial institutions), government bonds and other French and foreign money market instruments with a short-term rating of at least A-2, when acquired, (or equivalent) by a ratings agency or considered to be of equivalent quality by the Management Company (in particular if there is no rating). The fund may also make use of efficient portfolio management techniques as described below.
This part of the portfolio will represent between 0 and 100% of the fund's net assets.

- **Instruments used:**

1. Equities: None

2. Bonds, debt securities and money market instruments: between 0 and 100%

The portfolio may be invested in debt securities issued by private issuers (corporates and financial institutions) and government securities.
The investment region is mainly Europe, North America and, on an ancillary basis, Japan.
This part of the portfolio will represent between 0 and 100% of the fund's net assets.
The Fund is invested in investment grade and high-yield corporate bonds rated at least CCC+ by Standard and Poor's or Caa1 by Moody's.
The minimum issuer or issue rating in respect of investment in negotiable debt or money market instruments is at least A2/P2.

3. Shares or units in UCIs: between 0 and 10%

In accordance with the applicable laws, the fund may invest up to 10% of its assets in:
- units or shares in European UCITS which do not hold more than 10% of UCI units,
- - units or shares of European AIFs or foreign investment funds which do not hold more than 10% of UCI units or of foreign investment funds and which meet the three other criteria of the Code Monétaire et Financier.

The UCIs will be managed by Candriam or by an external Management Company.

Investment will be for the purpose of diversifying the portfolio and optimising performance.

4. Other assets:

None

5. Derivative financial instruments**:**

Type of derivative instruments

For the purpose of efficiently managing the portfolio, the fund may make use of derivative products such as swaps, futures, options and CDS arising notably from interest rate, foreign exchange and credit risk.
The fund may also make use of total return swaps or other derivative financial instruments which have the same characteristics, for example contracts for difference, for the purpose of (long or short) exposure, hedging or arbitrage.
The underlying instruments to these operations may be either individual securities, financial indices (equities, interest rates, currencies, volatility, etc.) in which the fund may invest in accordance with its investment objectives.
Such transactions may relate to a maximum of 50% of the net assets. The proportion is normally expected to vary between 0% and 25%.
These derivatives may be traded on regulated or over-the-counter markets.

Authorised counterparties.

In over-the-counter operations, counterparties to these transactions are approved by the Management Company's risk management department and, when the transactions are initiated, have a minimum rating of BBB-/Baa3 from at least one recognised rating agency or considered to be of equivalent quality by the Management Company (in particular if there is no rating). The counterparties are located in an OECD member country.

Additional information on the one or more counterparties to the transactions is contained in the fund's annual report.

Financial collateral:
Cf. section 10. Management of financial collateral for OTC derivative products and efficient portfolio management techniques.

6. Instruments with embedded derivatives: max. 100%

As part of its strategy, between 0 and 20% of the portfolio may be invested in convertible bonds with an initial delta of less than 15% at the time the position is entered into.
The Fund is invested in investment grade and high-yield corporate bonds rated at least CCC+ by Standard and Poor's or Caa1 by Moody's.
It may hold callable and/or puttable bonds, and more generally any financial instrument containing a financial contract.

7. Deposits and cash: between 0 and 100%

The asset manager may make use of cash deposits representing up to 100% of the assets for cash management purposes.

8. Cash borrowing: between 0 and 10%

The fund may temporarily register a debit balance as a result of transactions related to cash flow (investments and divestments in progress, subscription/redemption and purchase/sale transactions, etc.), within a limit of 10% of the assets.

9. Efficient portfolio management technique

In order to increase its yield and/or reduce its risks, the fund is authorised to make use of the following efficient portfolio management techniques covering transferable securities and money market instruments:

Reverse repurchase transactions

The fund may enter into reverse repurchase transactions for which on maturity the seller (counterparty) is required to take back the asset contained in the repurchase agreement and the fund is required to return the asset contained in the reverse repurchase agreement.

Such transactions may relate to a maximum of 50% of the net assets. The proportion is normally expected to vary between 0% and 25%.

For the term of the reverse repurchase agreement, the fund may not sell or use the securities which are contained in this agreement as a pledge/collateral unless the fund has other means of coverage.

Repurchase transactions

The fund may enter into repurchase transactions for which on maturity the fund is required to reacquire the asset contained in the repurchase agreement and the seller (counterparty) is required to return the asset contained in the reverse repurchase agreement.

To meet temporary liquidity needs, such transactions may relate to a maximum of 10% of the net assets. The proportion is normally expected to vary between 0% and 10%.

The fund must, on expiration of the term of the repurchase agreement, have the necessary assets to pay the agreed return price to the fund.

The use of these transactions must not result in a change in its investment objectives or result in additional risks being taken which exceed its risk profile as defined in the prospectus.

Associated risks and measures to restrict them.

The risks associated with efficient portfolio management techniques (including collateral management) are identified, managed and restricted by the risk management process. The principal risks are counterparty risk, delivery risk, operational risk, legal risk, custody risk and conflict of interest risk (as defined in the section entitled Risk profile), and such risks are mitigated by the organisation and the procedures defined by the Management Company as follows:

- *Selection of counterparties and legal framework*

Counterparties to these transactions are approved by the Management Company's risk management department and, when the transactions are initiated, have a minimum rating of BBB-/Baa3 from at least one recognised rating agency or are considered to be of equivalent quality by the Management Company. These counterparties are entities which are subject to prudential supervision. The counterparties are located in an OECD member country. Each counterparty is bound by a contract the clauses of which have been validated by the legal department/risk management department.

- *Financial collateral*

See point 10 entitled *Management of financial collateral for OTC derivative products and efficient portfolio management techniques* below

- *Restrictions on reinvestment of financial collateral received*

See point 10 entitled *Management of financial collateral for OTC derivative products and efficient portfolio management techniques* below

- *Measures taken to reduce the risk of conflicts of interest*

To limit the risk of a conflict of interest, the Management Company has established a process for selecting and monitoring counterparties through committees (reviews) organised by the Risk Management department. In addition, the remuneration of these transactions is in line with market practices in order to avoid any conflict of interest.

- *Remuneration policy for reverse repurchase agreements*

Income from reverse repurchase agreements is paid in full to the fund.

- *Remuneration policy for repurchase agreements*

This activity does not generate income.

Periodic investor information

Further information on the conditions of application of these efficient portfolio management techniques is contained in the annual and semi-annual reports.

10. Management of financial collateral for OTC derivative products and efficient portfolio management techniques.

Some over-the-counter transactions in financial instruments are covered by a collateralisation policy that has been validated by the risk management department.

General criteria

All collateral to reduce exposure to counterparty risk satisfies the following criteria:

- Liquidity: any collateral received in a form other than cash must have a strong level of liquidity and be traded on a regulated market or within the framework of a multilateral trading system making use of transparent price setting methods such that it can be quickly sold at a price close to the valuation prior to the sale.
- Valuation: the collateral received must be valued on a daily basis and assets with highly volatile prices will only be accepted as collateral if sufficiently prudent safety margins are in place.
- Credit quality of issuers: see point b below.
- Correlation: the financial collateral received must be issued by an entity which is independent of the counterparty and does not have a strong correlation with the counterparty's performance.
- Diversification: the financial collateral must be sufficiently diversified in terms of the countries, markets and issuers (for the net assets). As regards issuer diversity, the maximum exposure to an issuer through the collateral received must not exceed 20% of the net assets of the respective fund. However, this limit is raised to 100% for securities issued or guaranteed by a member state of the European Economic Area (EEA), by its local authorities or by public international bodies to which one or more member states of the EEA belong. These issuers must be highly rated (in other words rated at least BBB-/Baa3 by a recognised rating agency or regarded as such by the Management Company). If the fund exercises this latter option, it must hold securities belonging to at least six different issues, with securities belonging to the same issue not exceeding 30% of the total amount of the net assets.

The management risks connected with collateral, such as operational and legal risks, must be identified, managed and restricted by the risk management process.

The collateral received may be fully mobilised at any time without reference thereto to the counterparty or the need to obtain its agreement.

Types of authorised collateral

The permitted types of financial collateral are as follows:

- cash denominated in the reference currency of the fund,
- highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by public sector issuers from an OECD country (governments, supranational bodies, etc.) and of a minimum issue size of EUR 250 million, and a maximum residual maturity of 25 years,
- highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by private sector issuers from an OECD country and of a minimum issue size of EUR 250 million, and a maximum residual maturity of 10 years,
- shares listed or traded on a regulated market of a Member State of the European Union or on a stock exchange of a state which is a member of the OECD provided the shares are included in a significant index,
- shares or units in undertakings for collective investment offering adequate liquidity and investing in money market instruments, highly rated bonds or shares that meet the conditions stated above.

The risk management department of the Management Company may impose stricter criteria in terms of the collateral received and thereby exclude certain types of instruments, certain countries, certain issuers or certain securities.

In the event of materialisation of the counterparty risk, the fund could end up owning the financial collateral received. If the SICAV is able to dispose of such collateral at a value corresponding to the value of the loan/assets transferred, it would not bear negative financial consequences. Otherwise (if the value of assets received as collateral fell below the value of the assets loaned/transferred before they could be sold), it would incur a loss equal to the difference between the value of the assets loaned/transferred and the value of the collateral once it is liquidated.

Level of financial collateral received

The Management Company has put in place a policy which requires a level of financial collateral based respectively on the type of transactions as follows:

- repurchase agreements: 100% of the value of the assets transferred,
- reverse repurchase agreements: 100% of the value of the assets transferred,
- OTC derivatives: there is a system of margin calls/maintenance in cash in the currency of the fund regarding counterparty risk.

Discounting policy

The Management Company has put in place a discounting policy suited to each category of assets (depending on the credit quality in particular) received as financial collateral. This policy can be obtained by investors free of charge from the Management Company's registered office.

Restrictions on reinvestment of financial collateral received
Non-cash financial collateral may not be sold or reinvested or pledged.
Financial collateral received in cash can only be deposited with counterparties meeting the above eligibility criteria, invested in highly rated government loans, used for the purpose of reverse repurchase transactions that can be recalled at any time and/or invested in short-term monetary funds, in accordance with the applicable diversification criteria.
Although invested in assets with a low degree of risk, the investments may, nevertheless, contain some limited financial risk.

Safekeeping of collateral
In the event of transfer of ownership, the collateral received will be held by the Depositary or a sub-custodian. In other types of collateral agreement, the collateral may be held by an external depositary subject to prudential supervision which is not connected to the supplier of the financial collateral.
The collateral received may be fully mobilised at any time without reference thereto to the counterparty or the need to obtain its agreement.

Financial collateral in favour of the counterparty
Certain derivatives may initially require collateral to be lodged in favour of the counterparty (cash and/or securities).

Periodic investor information
Further information on the conditions of application of these efficient portfolio management techniques is contained in the annual and semi-annual reports.

11. Valuation

Reverse repurchase and repurchase agreements
Reverse repurchase and repurchase agreements are valued at cost plus interest. For contracts exceeding three months, the credit spread of the counterparty may be revalued.

Collateral
Collateral received is valued daily by the Management Company and/or the collateral agent. This valuation follows the valuation principles defined in this prospectus, applying the discounts applicable to the instrument type.
Collateral provided is valued daily by the Management Company and/or the collateral agent.

Cash overdraft
By way of security against the cash overdraft facility granted by the depositary, the fund grants the latter financial collateral in the simplified form set down in the provisions of the Code Monétaire et Financier.

TABLE OF DERIVATIVE INSTRUMENTS

	TYPE OF MARKET		TYPE OF RISK					TYPE OF USE	
	Regulated and/or organised markets	OTC markets	Equity	Interest rates	Foreign exchange	Credit	Other risk(s)	Hedging	Exposure
Futures in									
Interest rates	x	x		x				x	x
Foreign exchange	x	x			x			x	
Indices	x		x					x	
Volatility	x	x					x	x	
Options in									
Equities	x	x	x				x	x	
Interest rates	x	x		x			x	x	x
Foreign exchange	x	x			x		x	x	
Indices	x	x	x				x		
Volatility	x	x					x	x	
Swaps									
Interest rates		x		x				x	x
Foreign exchange		x			x			x	
Volatility		x					x	x	
Forward exchange									
Currencies		x			x			x	
Credit derivatives									
Credit default swaps (CDS)		x				x		x	x
Credit derivative indices		x				x		x	x
Total return swaps		x				x		x	x
CDS options		x				x		x	x
CDS index options		x				x		x	x

Risk profile:
Your money will be mainly invested in financial instruments selected by the Management Company. These instruments will be subject to market trends and uncertainties.

The fund may be exposed to the following principal types of risk:

Risk of capital loss:
There is no guarantee for investors relating to the capital invested, and investors may not receive back the full amount invested.

Interest rate risk:
A change in interest rates, resulting notably from inflation, may cause a risk of losses and reduce the net asset value of the fund (particularly in the event of a rate increase if the fund has a positive rate sensitivity and in the event of a rate decline if the fund has a negative rate sensitivity). Long term bonds (and related derivatives) are more sensitive to interest rate variations.
A change in inflation, in other words a general rise or fall in the cost of living, is one of the factors potentially affecting interest rates and consequently the NAV.

Credit risk:
Risk that an issuer or a counterparty will default. This risk includes the risk of changes in credit spreads and default risk. The fund may be exposed to the credit market and/or specific issuers in particular whose prices will change based on the expectations of the market as regards their ability to repay their debt. The fund may also be exposed the risk that a selected issuer will default, i.e. will be unable to honour its debt repayment, in the form of coupons and/or principal. Depending on whether the fund is positively or negatively positioned on the credit market and/or some issuers in particular, an upward or downward movement respectively of the credit spreads, or a default, may negatively impact the net asset value.
There is also a high yield credit risk in that the fund may be exposed to high yield bonds through credit index contracts such as the Itraxx and the CDX. High yield securities have a greater risk of default in return for their higher yield.

Risk arising from the arbitrage strategy:
arbitrage is a technique which consists in benefiting from the differences in prices recorded (or anticipated) between markets and/or sectors and/or securities and/or currencies and/or instruments. If such arbitrage transactions perform unfavourably (a rise in short transactions and/or fall in long transactions), the fund's net asset value may fall.

Liquidity risk:
liquidity risk is defined as that of a position in the fund's portfolio that cannot be sold, liquidated or closed at a limited cost and within a sufficiently short time, thus jeopardizing the fund's ability to comply at any time with its obligations to redeem the shares of investors at their request. On certain markets (in particular emerging and high-yield bonds, equities with low market capitalisation, etc.), the quotation spreads may widen under less favourable market conditions, which could impact on the net asset value when assets are purchased or sold. Furthermore, in the event of a crisis on these markets, the securities could also become difficult to trade.

Risk associated with derivative financial instruments:
financial derivatives are instruments whose value depends on (or is derived from) one or more underlying financial assets (equities, interest rates, bonds, currencies, etc.). The use of derivatives therefore involves the risk associated with the underlying instruments. They may be used for purposes of exposure or hedging against the underlying assets. Depending on the strategies employed, the use of derivative financial instruments can also entail leverage risks (amplifying downward market movements). In a hedging strategy, the derivative financial instruments may, under certain market conditions, not be perfectly correlated to the assets to be hedged. With options, an unfavourable fluctuation in the price of the underlying assets could cause the fund to lose all of the premiums paid. OTC financial derivatives also entail a counterparty risk (though this may be attenuated by the assets received as collateral) and may involve a valuation risk or a liquidity risk (difficulty selling or closing open positions).

Counterparty risk:
the fund may use OTC derivative products and/or efficient portfolio management techniques. These transactions may cause a counterparty risk, i.e. losses incurred in connection with commitments contracted with a defaulting counterparty.

Equity risk:
The fund may be exposed to equity market risk through direct investment (through transferable securities and/or derivative products). These investments, which generate long or short exposure, may entail a risk of substantial losses. A variation in the equity market in the reverse direction to the positions can lead to the risk of losses and may cause the net asset value of the fund to fall.

Risk associated with investing in contingent convertible bonds ("CoCos"):
CoCos – or subordinated contingent capital securities – are instruments issued by banking institutions to increase their equity capital buffers in order to comply with new banking regulations which require them to increase their capital margins.
Trigger threshold risk: these debt securities are automatically converted into shares or written down (loss of interest and/or capital) when predefined trigger thresholds are reached, as, for example, in the case of non-compliance with the minimum level of capital required for the issuer.

Capital structure inversion risk: contrary to the classic capital hierarchy, CoCos investment may be exposed to the risk of loss of capital while equity holders may not.
Discretionary coupon cancellation: coupon payments are entirely discretionary and may be cancelled by the issuer at any point.
Risk associated with the innovative structure of CoCos. given the lack of past experience with these instruments, it is uncertain how they will perform under certain market conditions (for example, a general problem with the asset class).
Deferred redemption risk: while CoCos are perpetual instruments, they may, however, be redeemed on a determined date ("date of call") and at a predetermined level with the approval of the competent authority. There is, however, no guarantee that CoCos will be repaid on the scheduled date or that they will ever be repaid. Consequently, the fund may never recover its investment.

Investments are often made in these types of instruments because of their attractive return, owing to the complexity involved, which only a well-informed investor may be in a position to understand.

Foreign exchange risk:
Foreign exchange risk derives from the fund's direct investments and its investments in forward financial instruments, resulting in exposure to a currency other than its valuation currency. Changes in the exchange rate of this currency in relation to that of the fund may negatively affect the value of assets in the portfolio.

Volatility risk:
The fund may be exposed (taking directional positions or using arbitrage strategies for example) to market volatility risk and could therefore, based on its exposure, suffer losses in the event of changes in the volatility level of these markets.

Emerging countries risk:
Market movements can be stronger and faster on these markets than on the developed markets, which could cause the net asset value to fall in the event of adverse movements in relation to the positions taken. Volatility may be caused by a global market risk or may be triggered by the vicissitudes of a single security. Sectoral concentration risks may also be prevalent on some emerging markets. These risks may also heighten the volatility. Emerging countries can experience serious political, legal and fiscal uncertainties or other events that could impact negatively on the fund. In addition, local depositary and sub-custodial services remain underdeveloped in non-OECD countries and emerging countries, and transactions carried out in these markets are subject to transaction risk and custody risk. In some cases, the fund may be unable to recover all or part of its assets or may be exposed to delays in delivery when recovering its assets.

Delivery risk:
the fund may want to liquidate assets which at that time are subject to a transaction with a counterparty. In this case, the fund would recall these assets from the counterparty. Delivery risk is the risk that the counterparty, although contractually obliged, may not be able in operational terms to return the assets quickly enough to allow the fund to honour the sale of these instruments on the market.

Operational risk:
the operational risk is the risk of direct or indirect losses associated with a number of factors (such as human error, fraud and malice, IT system failures and external events, etc.) which may have an impact upon the fund and/or the investors. The Management Company aims to reduce these risks by putting in place controls and procedures.

Legal risk:
the risk of litigation of all kinds with a counterparty or a third party. The Management Company aims to reduce these risks by putting in place controls and procedures.

Custody risk:
the risk of loss of assets held by a depositary as a result of insolvency, negligence or fraudulent action by the depositary or a sub-custodian. This risk is mitigated by the regulatory requirements governing depositary services.

Risk of conflicts of interest:
selection of a counterparty based on reasons other than the sole interest of the fund and/or unequal treatment in the management of similar portfolios could be the main sources of conflicts of interest.

Risk of changes to the benchmark index by the index provider:
Unitholders 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 sufficient notice of changes to the benchmark index. As a result, the Management Company may not be able to inform fund unitholders in advance of changes made by the index provider to the characteristics of the relevant benchmark index.

Sustainability risk:
The sustainability risk refers to any environmental, social or governance-related event or situation that might affect the performance and/or reputation of issuers in the portfolio.
Sustainability risks may be subdivided into three categories:

- Environmental: environmental events may create physical risks for the companies in the portfolio. For example, such events could arise from the consequences of climate change, loss of biodiversity, changes in ocean chemistry, etc. Apart from these physical risks, the companies could be negatively impacted by mitigation measures taken to address environmental risks (such as a carbon tax). These mitigation risks could affect companies depending on their exposure to the above risks and how well they adapt to them.
- Social: refers to the risk factors linked to human capital, the supply chain and the way companies manage their impact on society. Issues around gender equality, remuneration policies, health and safety and the risks associated with working conditions in general all fall within the social dimension. The social dimension also includes risks of violation of human rights or labour rights in the supply chain.
- Governance: these aspects are linked to governance structures, for example the independence of the board of directors, management structures, labour relations, remuneration and compliance, or tax practices. The thing that governance risks have in common is that they are due to inadequate oversight of the company and/or the lack of incentive for the company to move towards higher governance standards.

The sustainability risk may be specific to the issuer, depending on its activities and practices, but may also be due to external factors. If an unforeseen event occurs in a specific issuer such as a strike or more generally an environmental disaster, the event could have a negative impact on portfolio performance. In addition, issuers which adapt their activities and/or policies may be less exposed to the sustainability risk.

Possible mitigation measures to manage risk exposure include the following:

- exclusion of controversial activities or issuers
- exclusion of issuers based on sustainability criteria
- inclusion of sustainability risks when issuers are selected or given weightings in the portfolio
- engagement and sound management of the issuers

Where applicable, these mitigation measures are described in the section in the prospectus describing the investment policy of the fund.

ESG risk:
Our methodology is based on the definition of ESG sector models by our internal ESG analysts. Our research limitations are largely linked to the nature, extent and consistency of the currently available ESG data.

- Nature: certain ESG dimensions lend themselves more to narrative, qualitative information. Such information is subject to interpretation so it introduces a degree of uncertainty into the models.

- Extent: once the ESG dimensions considered by our analysts to be important for each sector have been defined, there is no guarantee that the data will be available for all the companies in that sector. Where possible, we will try to fill in the missing data from our own ESG analysis.

- Uniformity: the different ESG data providers have different methodologies. Even within the same provider, analogous ESG dimensions may be processed differently depending on the sector. This makes it harder to compare data from different providers.

The absence of European-level common or harmonised definitions and labels incorporating ESG and sustainability criteria may give rise to different approaches among the asset managers to fix the ESG objectives and to determine whether these objectives have been achieved by the funds they manage.
Our methodology excludes or limits exposure to the securities of certain issuers for ESG reasons. As a result, it is possible that certain market conditions will generate financial opportunities that the sub-fund is unable to benefit from.

Guarantee or protection:
None

Type of subscriber/profile of the typical investor:
C units: All subscribers
C units in CHF: All subscribers
For C units in CHF, the asset manager will fully and systematically hedge against the EUR.
V units: All subscribers
V units in CHF: All subscribers
For V units in CHF, the asset manager will fully and systematically hedge against the EUR.
R units: Financial intermediaries (including distributors and platforms) which:
(i) have different arrangements with their clients for the provision of investment services in connection with the fund, and
(ii) as a result of their applicable laws and regulations, are not entitled to receive duties, fees and other monetary benefits from the Management Company in connection with the provision of the above-mentioned investment services.
R2 units: Management mandates between a client and Belfius Banque in which financial management is delegated to Candriam and for which Belfius Banque does not receive any form of remuneration from a Candriam Group entity
Z units: UCIs approved by the Management Company and managed by a Candriam Group entity.
RS units: Distributors and intermediaries appointed by the Management Company who will not receive any compensation from the Management Company
"C in USD" units: All subscribers", the fund manager will systematically and fully hedge against the euro

In view of the instruments and strategies used, Candriam Long Short Crédit is aimed at investors who are aware of the risks arising from so-called "biased credit strategies" and who, in accepting these risks, wish to generate a return on their invested capital over the recommended investment period.

The amount it is reasonable to invest in this UCITS depends on the investor's personal circumstances. To determine this amount, investors should take into account their financial capacity and personal asset base, their requirements at present and for the next three years and whether they wish to take risks or instead opt for a cautious investment approach. Investors are also strongly advised to diversify their investments sufficiently so as not to be exposed solely to the risks of this UCITS.

The recommended investment term is three years.

The units of this fund are not and will not be registered in the United States in accordance with the U.S. Securities Act of 1933 as amended ("1933 Securities Act") and are not and will not be eligible under any law of the United States. These units may not be offered, sold or transferred to the United States (including its territories and possessions) or directly or indirectly benefit any U.S. Person (as defined in Regulation S of the 1933 Securities Act and similar).
In addition, financial institutions which do not comply ("non compliant") with the FATCA programme (FATCA stands for the U.S. Foreign Account Tax Compliance Act), as included in the Hiring Incentives to Restore Employment Act (the "HIRE Act"), and its application measures, including the analogous provisions adopted by partner countries which have signed an "Intergovernmental Agreement" with the United States, must expect to be forced to have their units redeemed when the programme comes into force.

Units of the fund may not be offered, sold or transferred to a U.S. employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") or any other U.S. employee benefit plan or U.S. individual retirement account or arrangement ("IRA") and may not be offered, sold or transferred to a fiduciary or any other person or entity acting on behalf of the assets of a U.S. employee benefit plan or IRA (collectively, a "U.S. benefit plan investor"). Subscribers to units of the fund may be required to certify in writing that they are not U.S. benefit plan investors. Unitholders are required to notify the fund immediately in the event that they are or become U.S. benefit plan investors and will be required to dispose of their units to non-U.S. benefit plan investors. The fund reserves the right to redeem any units which are or become owned, directly or indirectly, by a U.S. benefit plan investor. However, notwithstanding the foregoing, the fund reserves the right to make a private placement of its units to a limited number of U.S. benefit plan investors, to the extent permitted under applicable U.S. law.

Methods for determining and allocating distributable amounts:
The distributable amounts of all the fund's units are fully capitalised

Share or unit currencies:

Unit	ISIN code	Allocation of distributable income	Currency	Minimum amount of subscription		Original net asset value	Type of subscriber	Foreign exchange risk hedging
				initial *(*)*	subscriptions			
Classique	FR0010760694	Capitalisation	EUR	None	None	EUR 10,000.00 (*)	All subscribers	-
C in CHF	FR0011352566	Capitalisation	CHF	None	None	CHF 1,000.00	All subscribers	Full and systematic against the euro
C in USD	FR0013446358	Capitalisation	USD	EUR 250,000.00 or equivalent in USD	None	USD 1,500.00	All subscribers	Full and systematic against the euro
V	FR0011510031	Capitalisation	EUR	EUR 25,000,000.00	None	EUR 1,000.00	All subscribers	-
V in CHF	FR0011910470	Capitalisation	CHF	EUR 25,000,000.00 or equivalent in CHF	None	CHF 1,000.00	All subscribers	Full and systematic against the euro
R	FR0011510056	Capitalisation	EUR	None	None	100.00 EUR	Financial intermediaries (including distributors and platforms) which: (i) have different arrangements with their clients for the provision of investment services in connection with the fund, and (ii) as a result of their applicable laws and regulations, are not entitled to receive duties, fees and other monetary benefits from the Management Company in connection with the provision of the above-mentioned investment services.	-
R2	FR0013254000	Capitalisation	EUR	None	None	150.00 EUR	Management mandates between a client and Belfius Banque in which financial management is delegated to Candriam and for which Belfius Banque does not receive any form of remuneration from a Candriam Group entity	-
RS	FR0013325081	Capitalisation	EUR	100,000,000.00 EUR	None	EUR 150.00	Distributors and intermediaries appointed by the Management Company who will not receive any compensation from the Management Company	-
Z	FR0013254018	Capitalisation	EUR	None	None	EUR 1,500.00	UCIs approved by the Management Company and managed by a Candriam Group entity.	-

(*) Net asset value divided by 10 on 20/02/2013.
(**)The minimum initial subscription amount will not apply to the Management Company, to Candriam Group entities or funds managed by Group entities.

Subscription and redemption arrangements:

Orders are executed as shown in the table below:

Business day D-1	Business day D-2	D NAV calculation day	Business day D+1	Business day D+1	Business day D+3	Business day D+5
Centralisation of subscription orders before midday[1]	Centralisation of redemption orders before midday[1]	Order execution on D at the latest	Calculation of NAV	NAV publication	Subscription settlement	Redemption settlement

[1]Unless a different period is agreed with your financial institution.

A redemption order may be received by the custodian on business day D-1 before noon if it is followed by a subscription made on the same day for the same number of securities and at the same net asset value.

In the event of an exchange of Units made on the same NAV date by the same Unitholder and for a same amount, the above redemption arrangements do not apply. ***In this case, the arrangements for the redemption will be identical to the subscription arrangements also indicated above.***

Subscriptions may relate to an amount, a whole number of units or a fraction of a unit, each unit being divided into thousandths.

Redemptions may be made as an amount, a whole number of units or in fractions of units, each unit being divided into thousandths. Subscription and redemption orders are centralised by CACEIS Bank, at the following address:

CACEIS BANK
Registered office: 1-3 Place Valhubert - 75013 PARIS
Postal address: 75206 Paris Cedex 13

Investors should note that orders sent to marketing agents other than the institutions set out above must take account of the fact that these marketing agents are subject to the order centralisation cut-off time imposed by CACEIS Bank. As a result, these marketing agents may impose their own cut-off time, earlier than the one stated here, in order to allow time to send the orders to CACEIS Bank.

Frequency of net asset value calculation:

Daily.
The net asset value is calculated every trading day on the Paris Stock Exchange, except for French public holidays.
The net asset value calculated on a Monday will be dated on the Sunday.
The same approach is also used on public holidays. In that case, the net asset value will be dated on the public holiday.

Additional information

The place of publication of the net asset value is the premises of the Management Company. The prospectus of the UCI, the latest annual reports and the asset breakdown will be sent to the unitholder within eight business days of a written request addressed to:

CANDRIAM France
40, rue Washington
75008 PARIS

Charges and fees:

Subscription and redemption fees:

Subscription and redemption fees are added to the subscription price paid by investors or deducted from the redemption price. The fees paid to the UCITS are used to offset the fees incurred by the UCITS in order to invest or divest the assets allocated. Fees not retained are returned to the Management Company, marketing agent, etc.

Maximum charges payable by investors and collected upon subscription or redemption*	Calculation basis	Rate incl. taxes
Subscription fee not paid to the UCITS	NAV x number of units	1.00 %
Subscription fee paid to the UCITS	NAV x number of units	None
Redemption fee not paid to the UCITS	NAV x number of units	1.00 %
Redemption fee paid to the UCITS	NAV x number of units	None

* ***Exemption conditions****: subscription preceded by redemption on the same day for the same number of units, based on the same net asset value and by the same holder.*

Operating and management charges:

These cover all the costs billed directly to the UCITS apart from the transaction fees. Transaction charges include intermediary charges (brokerage, stock exchange duties, etc.) and any turnover fees, where applicable, which may be collected in particular by the depositary and the Management Company.

In addition to the operating and management charges, there may be:
- Outperformance fees. These are paid to the Management Company if the UCITS outperforms its objectives. They are therefore billed to the UCITS.
- Transfer fees billed to the UCITS

<table>
<tr><th>Charges billed to the FCP</th><th>Calculation basis</th><th>Rate/amount incl. taxes</th></tr>
<tr><td>Financial management fees and administration fees external to the Management Company</td><td>Net assets</td><td>C units 0.80% maximum *
C units in CHF 0.80% maximum *
C units in USD 0.80% maximum *
V units 0.60% maximum *
V units in CHF 0.60% maximum *
R units 0.70% maximum *
R2 units 0.35% maximum *
Z units 0.20% maximum *
RS units 0.70% maximum *</td></tr>
<tr><td>Maximum indirect charges (fees and management charges)</td><td>Net assets</td><td>Not significant **</td></tr>
<tr><td>Turnover fees collected by the depositary</td><td>Levied on each transaction</td><td>Maximum EUR 80/transaction***</td></tr>
<tr><td>Outperformance fee</td><td>Net assets</td><td>- C, V, R, R2, Z and RS units:
20% of performance
above capitalised EONIA performance
- For C and V units in CHF:
20% of any performance over and above that of the capitalised SARON*
- for C units in USD:
20% of any performance over and above that of capitalised EFFR*</td></tr>
</table>

**Since the Management Company has opted out of VAT, these fees are charged excluding VAT and their amount including taxes is equal to their amount excluding taxes.*
*** The fund invests a maximum of 10% in UCIs.*
**** Maximum amount that varies according to the instruments used.*

The fees listed below are not included in the five categories of fees set out above:
- *contributions owed for management of the UCITS pursuant to, 4°, II of article L. 621-5-3 of the Code monétaire et financier,*
- *exceptional and non-recurrent taxes, duties and other government fees (relating to the UCITS),*
- *exceptional and non-recurrent costs relating to the collection of debts (e.g. Lehman) or to proceedings in order to exercise a right (e.g. class action lawsuit).*

Methods of calculating and sharing remuneration from temporary acquisitions and disposals of securities (efficient portfolio management techniques):
These transactions, if carried out, must be conducted under market conditions. The proceeds of these transactions will be paid in full to the UCITS.

Outperformance fees**:**
20% of the fund's outperformance as defined below.

On each fund valuation date, a benchmark asset is established based on a theoretical investment at the capitalised EONIA rate for C, V, R, R2, Z and RS units in EUR, the capitalised SARON rate for C and V units in CHF and the capitalised EFFR for C units in USD of all the subscriptions received over the period (the net book value of the assets at the end of the previous financial year being equal to a subscription at the beginning of the period). If this rate is negative, the rate of 0% is used to determine the benchmark asset.

For redemptions, the latest benchmark asset calculated and the previous day's cumulative amount of subscriptions received are reduced beforehand in proportion to the number of units redeemed. Similarly, a proportion of the provision for variable management fees on the total assets at the latest valuation date is permanently allocated to a specific third party account in proportion to the number of units redeemed. This proportion of the variable management charges is paid to the asset manager when the redemption occurs.

When the fund is valued, if the total assets, defined as the net book value of the assets after deducting the variable management charges on redemptions, but excluding the provision for variable management charges corresponding to the units still in issue, are greater than the benchmark asset, an outperformance (or in the opposite case, an underperformance) is recorded. The provision for variable management charges on the total assets is adjusted to 20% of the amount of this new outperformance by allocation or reversal of a provision before calculating the net asset value. The provision for variable management fees on the accounting balance is only payable to the asset manager in respect of the amount at the end of the financial period.

The reference period is the financial year. Variable management fees for V units in CHF will be collected for the first time in December 2015, and will therefore relate to a period of more than 12 months.

The variable management fees will be collected for V and R units for the first time in December 2014, the reference period will therefore be longer than 12 months.
The variable management fees will be collected for RS units for the first time in December 2019, the reference period will therefore be longer than 12 months.
Subscribers may at any time obtain details from the asset manager regarding the methods for calculating the variable management charges. The total amount of the variable management charges will appear in the FCP's annual report.

Procedure for selecting intermediaries**:**

Candriam selects intermediaries to which it sends orders for execution for the major classes of financial instruments (bonds, shares, derivative products). The selection is mainly based on the intermediary's execution policy and subject to the "Selection policy for financial intermediaries to which Candriam sends orders for execution on behalf of the UCIs it manages".
The main execution factors considered are: price, cost, speed, probability of execution and settlement, size and type of order.
In application of the broker and counterparty selection and evaluation procedure and at the request of the asset manager, Candriam's Broker Review approves or refuses any new broker application.
Therefore pursuant to this policy, a list by type of instruments (shares, interest rates, money market, derivatives) of the authorised brokers and a list of the authorised counterparties are kept.
Furthermore, on a periodic basis and as part of the Broker Review, the list of approved brokers is reviewed so as to evaluate them on the basis of various filters and make any appropriate and necessary changes.

IV. MARKETING INFORMATION

Circulation of information on the UCITS
All information on the FCP can be requested directly from the:
Management company:

CANDRIAM France
40, rue Washington
75008 PARIS
Tel: 01.53.93.40.00
Web site: **www.candriam.com**

Unit redemptions or repurchases
FCP subscription and redemption applications are centralised at:
Depositary – custodian:

CACEIS BANK
Société Anonyme (Public Limited Company)
Registered office: 1-3 Place Valhubert
75013 PARIS

Environmental, social and governance quality criteria (ESG)
Information on inclusion of environmental, social and governance quality criteria in the investment policy is available on the web site www.candriam.com and will be included in the annual report.

V. INVESTMENT RULES

The UCITS will comply with the regulatory ratios applicable to general UCITS under French law that comply with Directive 2009/65/EC as defined by the Code Monétaire et Financier. The risk diversification rules applicable to this UCITS must be followed at all times. If these limits are exceeded independently of the Management Company or as a result of the exercise of a subscription right, the priority objective of the Management Company will be to rectify the situation as soon as possible, taking into consideration the interests of the unitholders of the UCITS.

VI. TOTAL RISK

The UCITS' global exposure is calculated using the absolute value at risk (VaR) method. The absolute VaR corresponds to the potential loss in 99% of cases over a period of 20 business days under normal market conditions. The VaR level for a 99% confidence range is below 20%.

The anticipated maximum leverage will be 1.5 times the net assets. This leverage will be calculated for all derivative instruments according to the nominal method and is added to the securities portfolio. There may, however, be temporary exposure to a higher leverage.

VII. REMUNERATION

The Management Company has established a general framework concerning remuneration of its staff, in particular a remuneration policy (the "Remuneration Policy") in compliance with the applicable regulations and the following principles in particular:

The Remuneration Policy is compatible with sound and effective risk management including sustainability risks. It discourages any risk-taking that is inconsistent with the risk profile and the fund regulations. Candriam has designed policies aiming to promote a responsible approach to personnel, taking account of sustainability-related impacts.

The Remuneration Policy is compatible with the financial strategy, objectives, values and interests of the Management Company, the fund and the investors, and includes measures to avoid conflicts of interest,

Candriam's remuneration structure is linked to a risk-adjusted performance. The evaluation of performance is set in a multi-year framework appropriate to the minimum holding period recommended to unitholders of the fund, in order to ensure that the performance evaluation process is based on the long term performance of the fund and that the effective payment of the performance-based remuneration elements is spread over the same period,

Candriam aims to ensure that the employees are not encouraged to take inappropriate and/or excessive risks (also concerning sustainability risks) which are incompatible with the risk profile of Candriam and, as applicable, of the funds managed". In addition, when sustainability-related impacts are considered by the fund, Candriam sees to it that the personnel take them fully into account.

The Remuneration Policy therefore ensures that the fixed and variable components of total remuneration are appropriately balanced; that the fixed component of total remuneration is high enough; that the policy concerning variable remuneration elements is sufficiently flexible including the possibility to pay no variable remuneration component.

The details of the updated Remuneration Policy, including the composition of the remuneration committee, a description of how remuneration and benefits are calculated, and how this policy is consistent with the consideration of sustainability risks and impacts, are available from the Management Company's web site via this link:
https://www.candriam.com/siteassets/legal-and-disclaimer/external_disclosure_remuneration_policy.pdf

A printed copy is available free of charge on request.

VIII. ASSET VALUATION RULES

1. Valuation rules:

ETFs and UCIs
ETFs and UCIs are valued at the net asset value representative of the markets on the reference date or in the absence thereof the preceding date.

Bonds
Bonds are valued at the closing price on the basis of contributor prices on the reference date.

Negotiable debt securities and other money market instruments
Negotiable debt securities and other money market instruments are valued using prices calculated on the basis of representative market data on the reference date.

Futures and options on organised markets
These financial instruments are valued at the closing prices on the various markets on the reference date.

Cleared OTC derivatives
These financial instruments are valued at the closing prices set by the CCPs on the reference date.

Spot exchange rates
The spot exchange rates are valued from the market data available from specialised data providers.

Forward exchange
Forward exchange is valued on the basis of the market data available from specialised data suppliers (spot price, interest rate curve, etc.).

Credit derivatives
Credit derivatives are calculated based on models validated by the Management Company, using market data such as the spread curve, interest rate curve, etc., available from specialised data providers. The prices obtained are compared with those of the counterparties.

Rate swaps
Uncleared interest rate swaps are calculated in the systems with market data such as the interest rate curve, etc., available from specialised data providers. The prices obtained are compared with those of the counterparties.
Other OTC derivatives
OTC products are calculated based on models validated by the Management Company, using available market data such as volatility, the interest rate curve, etc., from specialised data providers.
The prices obtained from the models are compared with those of the counterparties.

Repurchase and reverse repurchase agreements, lending and borrowing of securities
Repurchase agreements, reverse repurchase agreements and securities borrowing/lending are valued at cost plus interest.

Exceptional treatment
Debt securities in which there are not significant amounts of transactions or for which the price is clearly not representative of the market, may be valued on the basis of an estimated method and under the responsibility of the Management Company. In addition, the actuarial method may be used, the rate applied being that for issues of equivalent securities, where applicable, allocated by a differential representative of the intrinsic characteristics of the issuer of the security.
Options in which there are not significant amounts of transactions and/or for which the price is clearly not representative of the market, may be valued on the basis of a method representative of the close of the market at responsibility of the Management Company.

Main sources
The principal specialised data providers for valuations are Bloomberg, IDC, CMA, WMC and Factset. The Management Company may, nevertheless, change these at its own responsibility if it deems appropriate.

Off-balance sheet

The off-balance sheet commitment relating to interest rate and currency swaps corresponds to the nominal contract value.
The off-balance sheet commitment on French and foreign futures markets is calculated based on the regulations in force
Outright futures transaction: amount by nominal value by the day's price in the day's currency
Conditional futures transaction: delta amount by unit of trading by price of the underlying by currency
The off-balance sheet commitment on credit default swaps corresponds to the contract nominal.

2. Net asset value adjustment method ("swing pricing") with a trigger threshold (from 22 May 2017)

Starting on 22 May 2017, the Management Company has established a net asset value (NAV) adjustment method with a trigger threshold.
The mechanism is not triggered until the sum of net subscription/redemption orders from investors for all classes of units of the fund exceeds a predefined threshold.

The aim of the mechanism is to ensure the fair treatment of investors in the presence of such subscription/redemption activity, by spreading the costs of the activity among all shareholders (incoming or outgoing).
Specifically, on valuation dates where the difference between the sum of subscriptions and the sum of redemptions of a fund (i.e. net transactions) exceeds a threshold defined in advance by the Management Company, the latter reserves the right to value the securities portfolio of the fund by setting spreads at a level representative of the market in question thereby adjusting the NAV upwards or downwards (where there are net inflows and outflows respectively). This is known as a "swung NAV".
The NAV of each category of units is calculated separately but any adjustment has an identical impact in percentage terms on all the NAVs of the categories of units in the fund.
It is impossible to know in advance whether and how often swing pricing will be triggered.
The swung NAV is the only net asset value of the fund and is the only one communicated to the unitholders of the fund. However, if there are outperformance fees, they are calculated using the NAV before the adjustment mechanism is applied.
In accordance with the regulations, the parameters of this mechanism are known only to those responsible for its implementation.

3. **Accounting method:**

The accounting method for recording revenues on financial instruments is the accrued coupon method.

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