

The Audit Committee of the Board of Trustees (the “**Committee**”) of Sierra Total Return Fund (the “**Fund**”) monitors the integrity of the financial statements of the Fund and the qualifications, independence and performance of the independent auditors. Additionally, the Committee has oversight responsibility for the performance of the Fund’s internal audit function and compliance with legal and regulatory requirements.

## **ARTICLE I. PURPOSE**

The Committee is appointed by the Fund’s Board of Trustees (the “Board”) to assist the Board in its oversight of: (1) the integrity of the Fund’s financial statements and its financial reporting and disclosure practices; (2) the soundness of the Fund’s systems of internal control regarding finance and accounting compliance; (3) the independence and qualifications of the Fund’s independent auditors; (4) the performance of the Fund’s internal audit function and its independent auditors; and (5) the Fund’s compliance with legal and regulatory requirements.

## **ARTICLE II. COMMITTEE MEMBERSHIP**

The Committee shall consist of at least three trustees. The members of the Committee shall meet the independence and experience requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations of the Securities and Exchange Commission (the “Commission”). At least one member of the Committee must be an “audit committee financial expert,” as defined by the Commission pursuant to the Sarbanes-Oxley Act of 2002 (the “Act”), and all members of the Committee must be financially sophisticated. If the Board has determined that a member of the Audit Committee is an “audit committee financial expert,” it may presume that such member has “accounting or related financial management expertise.” Determinations of independence, audit committee financial expertise, financial sophistication and accounting or related financial management experience shall be made by the Board. A member’s simultaneous service on the audit committees of more than three other public companies requires a Board determination that such simultaneous service does not impair the ability of such member to effectively serve on the Fund’s Committee. For purposes of this requirement, the Committee of the Fund is treated as one audit committee.

The members of the Committee shall be appointed by the Board. The Committee shall elect its own Committee Chairperson. Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

## **ARTICLE III. MEETINGS**

The Committee shall meet as often as it determines, but no less frequently than quarterly. The Committee shall meet periodically in separate executive sessions with each of Fund

management, the Fund's independent auditors and the persons responsible for the Fund's internal audit function. The Committee may request any officer or employee of the Fund or the Fund's investment adviser, the Fund's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Minutes of each meeting shall be taken and recorded and shall be reported regularly to the respective Board, as appropriate. Actions may be taken by unanimous written consent when deemed necessary or desirable by the Committee. Members of the Committee may participate in a meeting by conference call or similar means.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee may act by a majority of the members present at a meeting of the Committee. In the event of a tie vote on an issue, the Committee Chairperson's vote shall decide the issue.

#### **ARTICLE IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee shall perform the duties assigned to it by this Charter and the Board. The Committee shall have the sole authority to appoint or replace the independent auditors. This decision shall be ratified by the Board at an in-person meeting. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between Fund management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors are ultimately accountable to the Committee and the Board and shall report directly to the Committee.

The Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Fund by its independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which should be approved by the Committee prior to the completion of the audit. Non-audit services need not be approved in advance only if: (a) the aggregate amount of all such non-audit services are not more than 5% of all amounts paid to the independent auditors during the fiscal year; (b) they were not recognized to be non-audit services at the time of the engagement; and (c) they are promptly brought to the attention of the Committee and approved prior to the completion of the audit.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

The Fund shall provide for appropriate funding, as determined by the Committee, for payment of: (a) compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other audit, review, or attest services for the Fund; (b) compensation to any advisers employed by the Committee who are determined by the Committee to be necessary to carrying out its duties; and (c) ordinary administrative expenses of the Committee.

The Committee shall report regularly to the Board, including with respect to any issues that

arise with respect to the quality or integrity of the Fund's financial statements, a Fund's compliance with legal or regulatory requirements, the performance and independence of the Fund's independent auditors or the performance of the internal audit function.

## **ARTICLE V. FINANCIAL STATEMENT AND DISCLOSURE MATTERS**

The Committee, to the extent it deems necessary or appropriate, shall:

1. Review and discuss with Fund management and the independent auditors the Fund's financial statements and schedule of investments prior to the filing of its Annual Certified Shareholder Report on Form N-CSR, its Semi-Annual Certified Shareholder Report on Form N-CSRS, and its Quarterly Schedule of Portfolio Holdings on Form N-Q, including the results of the independent auditors' reviews of the financial statements and schedule of investments.
2. Review and discuss with Fund management and the independent auditors the Fund's annual audited financial statements, including disclosures made in Fund management's discussion and analysis.
3. Review and discuss with Fund management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Fund's financial statements, including any significant changes in the Fund's election or application of accounting principles, any major issues as to the adequacy of the Fund's internal controls and any special steps adopted in light of material control deficiencies.
4. Review and discuss with Fund management and the Fund's independent auditors reports from the independent auditors on:
  - a. all critical accounting policies and practices to be used;
  - b. a. significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with Fund management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - c. a. any other material written communications between the independent auditors and Fund management, such as any Fund management letter or schedule of unadjusted differences and Fund management's subsequent response;
  - d. a. any accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise);
  - e. a. any significant written communication between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement; and
  - f. a. any material financial arrangements of the Fund which do not appear on the financial statements of the Fund.
5. Discuss all alternative treatment of financial information within GAAP that have been discussed with Fund management, ramifications of the use of such alternative

disclosures and treatments and the treatment preferred by the independent accountants.

6. Discuss with the independent auditors the matters required to be discussed by Auditing Standard No. 16 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with Fund management.
7. Review disclosures made to the Committee by the Fund's principal executive and principal financial officers during their certification process for Form N-CSR, Form N-CSRS and Form N-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving Fund management or other employees who have a significant role in the Fund's internal controls.
8. Discuss with Fund management and the relevant persons or departments of the Fund, including the persons responsible for the Fund's internal audit function, the Fund's major financial risk exposures and the steps Fund management has taken to monitor and control such exposures, including the Fund's risk assessment and risk management policies.
9. Resolve any disagreements between Fund management and the independent auditors regarding financial reporting.
10. Discuss with Fund management and the independent auditors the effect of applicable regulations and accounting profession initiatives as well as off-balance sheet structures on the Fund's financial statements.

## **ARTICLE VI.**

### **OVERSIGHT OF THE FUND'S RELATIONSHIP WITH THE INDEPENDENT AUDITORS**

The Committee, to the extent it deems necessary or appropriate, shall:

1. Review the performance of the Fund's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the replacement or termination of the independent auditors when circumstances warrant.
2. Obtain from the independent auditors annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (a) the audit of the Fund's annual financial statements and the reviews of the financial statements included in the Fund's shareholder reports or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (b) assurance and related services not included in clause (a) that are reasonably related to the performance of the audit or review of the Fund's financial statements, in the aggregate and by each service; (c) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (d) all other products and services rendered by the independent auditors, in the aggregate and by each service.

3. Obtain and review a report from the independent auditors at least annually regarding:
  - a. the independent auditors' internal quality control procedures;
  - b. any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditors;
  - c. any steps taken to deal with any such issues;
  - d. all relationships between the independent auditors and the Fund and the Fund's investment adviser and its affiliates; and
  - e. any matters set forth in a letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB"), to the extent applicable.
4. Evaluate the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence and taking into account the opinions of Fund management and the persons responsible for the Fund's internal audit function. The Committee shall present its conclusions with respect to the independent auditors to the Board.
5. Approve in advance any hiring by the Fund's investment adviser of employees or former employees of the independent auditors.
6. Meet with the independent auditors prior to the audit to discuss the planning and staffing of the audit.
7. Discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Fund, including the independent auditors' response to any identified accounting deficiencies, along with any other communications from the independent auditors to the Committee required by or referred to in PCAOB or other applicable standards.

## **ARTICLE VII. OVERSIGHT OF THE FUND'S INTERNAL AUDIT FUNCTION**

The Committee, to the extent it deems necessary or appropriate, shall:

1. Review the appointment and replacement of the persons responsible for the Fund's internal audit function.
2. Review the significant issues raised in reports to Fund management prepared by the persons responsible for the Fund's internal audit function and Fund management's responses.
3. Review at least annually the internal audit personnel with Fund management and the independent auditors and the mission, responsibilities, independence, budget and staffing and any recommended changes in the planned scope of the internal audit.
4. Review the Committee's level of involvement and interaction with the Fund's internal

audit function, including the Committee's line of authority and role in appointing and compensating the persons responsible for the Fund's internal audit function.

5. Approve any recommendation to outsource the internal audit function to an external firm prior to Fund management's implementation of that recommendation.

## **ARTICLE VIII. COMPLIANCE OVERSIGHT RESPONSIBILITIES**

The Committee, to the extent it deems necessary or appropriate, shall:

1. Review the Fund's policies relating to the ethical handling of conflicts of interest. The Committee shall also review reports and disclosures of related party transactions and consider any potential conflicts of interest involving the Fund's executive officers or any member of the Board. The Committee shall review and approve any related party transaction between the Fund and any of the Fund's executive officers and/or any member of the Board. In the event any such related party transaction involves a member of the Committee, the transaction must be approved by a majority of the disinterested members of the Committee. The Committee shall consider the results of any review of these policies and procedures by the Fund's independent auditors.
2. Meet periodically with the Fund's general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including: (a) any matters that may have a material impact on the financial statements of the Fund; and (b) any matters involving potential material violations of law or breaches of fiduciary duty by the Fund or any of its directors, officers, or agents or breaches of fiduciary duty to the Fund.
3. Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated. Section 10A(b) relates to illegal acts that have come to the attention of the independent auditors during the course of the audit.
4. Review with Fund management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Fund's principal executive officer to assign additional internal audit projects to the persons responsible for the Fund's internal audit function.
5. Review with Fund management the Fund's administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies.
6. Receive periodic reports from the Fund's independent auditors, Fund management and the persons responsible for the Fund's internal audit function to assess the impact on the Fund of significant accounting or financial reporting developments that may have a bearing on the Fund.
7. Review and discuss with the independent auditors the results of the year-end audit of the Fund, including any comments or recommendations of the Fund's independent auditors.

8. Establish and maintain free and open means of communication between and among the Committee, the Fund's independent auditors, Fund management and the persons responsible for the Fund's internal audit function, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis.
9. Establish and implement procedures for: (a) the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by Fund personnel of concerns regarding questionable accounting or auditing matters.
10. Review the reports that result from the examinations of the Fund conducted by federal or state regulatory agencies or rating agencies.
11. Discuss with Fund management and the independent auditors any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Fund's financial statements or accounting policies.
12. Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Fund's financial statements, the Fund's compliance with legal or regulatory requirements, the performance and independence of the Fund's independent auditors or the performance of the internal audit function.
13. Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

## **ARTICLE IX. VALUATION**

As set forth in the Fund's Valuation Policies and Procedures, the Committee will receive reports from the Fund's Valuation Committee and will approve valuation determinations.

## **ARTICLE X. OUTSIDE COUNSEL OR OTHER CONSULTANTS**

In connection with its duties and responsibilities, the Committee shall have the authority to retain outside legal, accounting or other advisors, including the authority to approve the fees payable by the Fund to such advisors and other retention terms.

## **ARTICLE XI. LIMITATION OF AUDIT COMMITTEE'S ROLE**

The Committee's role is one of oversight. Fund management is responsible for preparing the Fund's financial statements and the independent auditors are responsible for auditing those financial statements. Fund management is responsible for the fair presentation of the information set forth in the financial statements in conformity with GAAP. The independent auditors' responsibility is to provide their opinion, based on their audits, that the financial statements fairly present, in all material respects, the financial position, results of operations

and cash flows of the Fund in conformity with GAAP. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Fund's financial statements and disclosures are complete and accurate and are in conformity with GAAP. Further, it is not the duty of the Committee to assure compliance with applicable laws and regulations or the Fund's Code of Ethics.

## **ARTICLE XII. ANNUAL REVIEW OF THE CHARTER AND PERFORMANCE**

The Committee shall annually review its performance. In addition, the Committee shall review and reassess the adequacy of this Charter annually and recommend to the Board any changes it considers necessary or advisable. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter.

## SIERRA TOTAL RETURN FUND OPEN DOOR POLICY

### *Submission of Comments to Audit Committee*

*Medley Capital LLC serves as the administrator (the “Administrator”) of Sierra Total Return Fund (the “Fund”). The Administrator encourages employees to maintain open lines of communication and share comments they may have with members of the Fund’s management and if necessary, with the Board of Trustees of the Fund. Feedback from the Administrator’s employees in connection with their service to the Fund, including oversight of the Fund’s operations, preparation of its financial statement disclosures, accounting, and internal accounting controls or auditing matters, is greatly appreciated and helps to build a stronger organization. An employee should report suspected violations of applicable laws, rules, regulations, or the Code of Ethics or Code of Business Conduct and Ethics to his or her supervisor, a member of the Fund’s senior management, or to the Corporate Secretary.*

The Fund maintains a policy that provides that employees of the Administrator may submit, on a confidential, anonymous basis if the employee so desires, comments related to, among other things, corporate accounting practices, internal controls, and auditing. Such comments should be submitted to the Fund’s Sarbanes Accounting Complaint Hotline as follows: via voicemail by calling 1-844-421-3588; or through a Web Portal at <http://www.openboard.info/STRF/>. The Chief Compliance Officer shall immediately notify the Audit Committee of any such comments received and will work with the Audit Committee until it is resolved. If an employee would like to discuss matters with the Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she may be contacted if the Audit Committee deems it appropriate.

The Audit Committee reviews and considers such comments that it has received and may take action that it deems appropriate in order to respond thereto. The Audit Committee may request special treatment for a comment including the retention of outside counsel or other advisors. The Fund retains comments and concerns indefinitely, but in every event, no less than five years.

The Fund’s Code of Business Conduct prohibits any employee of the Administrator from retaliating or taking any adverse action against anyone for raising or helping to resolve business conduct or ethical concerns.