

I. PURPOSE

The purpose of the Nominating and Corporate Governance Committee (the “**Committee**”) is to assist the full Board of Trustees (the “**Board**”) in fulfilling its responsibilities to assure that Sierra Total Return Fund (the “**Fund**”) is governed in a manner consistent with the interests of the shareholders of the Fund and in compliance with applicable laws, regulations, rules and orders. Without limiting the foregoing, the Committee shall advise the Board with respect to: (a) Board organization, evaluation, membership and function; (b) committee structure, membership and operations (including any committee authority to delegate to subcommittees); (c) succession planning for the executive officers of the Fund; and (d) matters relating to corporate governance.

II. MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of that number of trustees as the Board shall determine from time to time, such number not to be less than three (3). The members of the Committee shall be “independent trustees” as determined by the Board pursuant to the provisions of Rule 2(a)(19) of the Investment Company Act of 1940, as amended (the “**1940 Act**”), and shall meet any other applicable standards of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and rules and regulations promulgated thereunder, as they may from time-to-time be amended (each such independent trustee, an “**Independent Trustee**” and collectively, the “**Independent Trustees**”). The members of the Committee, including the Chairperson thereof, shall be appointed by the Board. 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.

III. MEETINGS

The Committee shall meet as often as it determines to be appropriate, but no less frequently than once per year. Meetings may be called by the Chairperson of the Committee or the Chairperson of the Board. Minutes of each meeting shall be taken and recorded and shall be reported regularly to the 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.

- A. Unless otherwise authorized by an amendment to this Charter or as provided in the Bylaws of the Fund, the Committee shall not delegate any of its authority to any subcommittee.
- B.
- C. Reports of meetings of and/or actions taken by the Committee (whether at a meeting or by consent) from time to time shall be made by the Chairperson of the Committee (or by his or her delegate) to the full Board. In addition, the Chairperson of the Committee

(or his or her delegate) shall be available from time to time to answer any questions that the other trustees may have regarding the matters considered and actions taken by the Committee.

IV. RESPONSIBILITIES

The following are the general responsibilities of the Committee and are set forth only for its guidance. The Committee, however, may diverge from these responsibilities and/or may assume such other responsibilities as the Board may delegate from time to time and/or as the Committee may deem necessary or appropriate from time to time in performing its functions in accordance with the Bylaws and other governance documents of the Fund and in accordance with applicable law. The Committee shall:

A. Board of Trustees

- a. Evaluate periodically the desirability of, and recommend to the Board, any changes in the size and composition of the Board.
- b. Select and evaluate trustees in accordance with the general and specific criteria set forth below or determined as provided below:
 - *General Criteria.* Trustee selection should include at least enough Independent Trustees to comply with the applicable standards of the 1940 Act and the rules and regulations promulgated thereunder, as they may from time-to-time be amended, as well as any other applicable standards of the Exchange Act and the rules and regulations promulgated thereunder, as they may from time-to-time be amended. Such Independent Trustees should have appropriate skills, experiences and other characteristics. Subject to the right of the Committee and the Board to decide otherwise when deemed appropriate, the Chief Executive Officer of the Fund generally should be a trustee and, depending upon the circumstances, certain other members of management, as well as certain individuals having relationships with the Fund that prevent them from being Independent Trustees, may also be appropriate members of the Board. Each trustee should:
 - i. Be an individual of the highest character and integrity and have an inquiring mind, vision, a willingness to ask hard questions and the ability to work well with others;
 - ii. Be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a trustee;
 - iii. Be willing and able to devote sufficient time to the affairs of the Fund and be diligent in fulfilling the responsibilities of a member of the Board and a member of any committees thereof (including developing and maintaining sufficient knowledge of the Fund and the specialty finance industry in general; reviewing and analyzing reports and other information important to responsibilities of the Board and any committee thereof; preparing for, attending and participating in meetings of the Board and meetings of any committee thereof; and satisfying appropriate orientation and continuing education guidelines); and
 - iv. Have the capacity and desire to represent the balanced, best interests of the shareholders of the Fund as a whole and not primarily a special interest group or constituency.

- *Specific Criteria.* In addition to the foregoing general criteria, the Committee shall develop, reevaluate at least annually and modify as appropriate a set of specific criteria outlining the skills, experiences (whether in business or in other areas such as public service, academia or scientific communities), particular areas of expertise, specific backgrounds, and other characteristics that should be represented on the Board to enhance the effectiveness of the Board and its committees. These specific criteria should take into account any particular needs of the Fund based upon its business, size, ownership, growth objectives, community, customers and other characteristics and may be adjusted and refocused from time to time as these Fund characteristics change and evolve. In addition, the Committee should consider periodically complementary skills or other attributes, which may not be represented on the Board, that would be useful to the Board as it fulfills its duties.
- c. Evaluate each new trustee candidate and each incumbent trustee before recommending that the Board nominate or re-nominate such individual for election or reelection (or that the Board elect such individual on an interim basis) as a trustee based upon the extent to which such individual satisfies the general criteria above and will contribute significantly to satisfying the overall mix of specific criteria identified above. Each annual decision to re-nominate an incumbent trustee should be based upon a careful consideration of such individual's contributions, including the value of his or her experience as a trustee of the Fund, the availability of new trustee candidates who may offer unique contributions, and the Fund's changing needs.
 - d. Diligently seek to identify potential trustee candidates who will strengthen the Board and will contribute to the overall mix of specific criteria identified above. This process should include establishing procedures for soliciting and reviewing potential nominees from trustees and for advising those who suggest nominees of the outcome of such review. The Committee shall have authority to retain and terminate any search firm used to identify trustee candidates and to approve any such search firm's fees and other terms of retention.
 - e. Submit to the Board the candidates for trustee to be recommended by the Board for election at each annual meeting of shareholders and to be added to the Board at any other times due to any expansion of the Board, trustee resignations or retirements or otherwise.
 - f. Monitor performance of the Board and its individual members based upon the general criteria and the specific criteria applicable to the Board and each of its members. If any serious issues are identified with any trustee, work with such trustee to resolve such issues or, if necessary, seek such trustee's resignation or recommend to the Board such person's removal.
 - g. Develop and periodically evaluate initial orientation guidelines and continuing education guidelines for each member of the Board and each member of each committee thereof regarding his or her responsibilities as a trustee generally and as a member of any applicable committee of the Board, and monitor and evaluate annually (and at any additional time a new member joins the Board or any committee thereof) each trustee's cooperation in fulfilling such guidelines. Such guidelines shall take into account all relevant factors, including the nature of each individual's responsibilities and related background and any particular complexities relating to the Fund's business, financial statements or other characteristics. These guidelines may include higher requirements for trustees who are members

of certain committees of the Board than for those who are not members of such committees and, in appropriate circumstances, may provide for higher or lower requirements for a particular trustee based on his or her background and/or occupation.

B. Board Committees

- a. Evaluate at least annually the performance, authority, operations, charter and composition of each standing or ad hoc committee of the Board (including any authority of a committee to delegate to a subcommittee) and the performance of each committee member and recommend any changes considered appropriate in the authority, operations, charter, number or membership of each committee.
- b. Submit to the Board annually (and at any additional times that any committee members are to be selected) recommendations regarding candidates for membership on each committee of the Board. The Committee will coordinate closely with the full Board as to the selection of an Independent Trustee who qualifies to serve on the Audit Committee as a designated “audit committee financial expert.”

C. Evaluation of and Succession Planning for Chief Executive Officer and Other Executive Officers

- a. Assist the Board in evaluating the performance of and other factors relating to the retention of the Chief Executive Officer. Assist the Board in overseeing the evaluation of the performance of other executive officers. It is recognized that, subject to oversight by the Board and the Committee, the Chief Executive Officer will have primary responsibility for evaluating the performance of the other executive officers of the Fund.
- b. Develop and periodically review and revise as appropriate, a management succession plan and related procedures. Consider and recommend to the Board candidates for successor to the Chief Executive Officer of the Fund and, with appropriate consideration of the Chief Executive Officer’s recommendations, candidates for successors to other executive officers, in each case when vacancies shall occur in those offices.

D. Corporate Governance

- a. Monitor and make recommendations to the Board on matters of Fund policies and practices relating to corporate governance.
- b. Review and make recommendations to the Board regarding proposals of shareholders that relate to corporate governance.
- c. At the request of the Fund’s management or upon the advice of counsel, review the Fund’s charter documents and bylaws and recommend to the Board any appropriate changes.
- d. Review and make recommendations to the Board from time to time, regarding the compensation, if any, payable to the trustees and officers (if any) of the Fund and to any other person whose compensation is required by law, rule, regulation, order or listing standard to be approved or determined by the Board or a committee thereof. The Committee shall annually review such compensation, if any, and make appropriate recommendations to the Board.
- e. Consider any other corporate governance issues that may arise from time to time, and to develop appropriate recommendations for the Board.

E. Other Matters

Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board and/or the Chairperson of the Board, or as designated in Fund documents.

V. ADDITIONAL RESOURCES

Subject to the approval of the Board, the Committee shall have the right to use reasonable amounts of time of the Fund's independent registered public accounting firm, outside lawyers and other internal staff and also shall have the right to hire independent experts, lawyers and other consultants to assist and advise the Committee in connection with its responsibilities. The Committee shall keep the Fund's Chief Executive Officer advised as to the general range of anticipated expenses for outside consultants, and shall obtain the concurrence of the Board in advance for any expenditures.