



October 10, 2017

Dear Sequoia Shareholders and Clients:

Sequoia Fund generated a 3.71%¹ return, net of fees, for the third quarter of 2017 versus a 4.48% return for the Standard & Poor's 500 Index. The Fund generated a 13.73% return year-to-date through September 30, 2017 versus a 14.24% return for the Index.

Eagle-eyed clients may have noticed the slick (at least by our standards!) new logo at the top of this letter. It represents our efforts over the last several months to overhaul the Sequoia Fund website and introduce our first-ever Ruane, Cunniff & Goldfarb website. Our objective was to create a resource that allows clients and potential clients to gain a better understanding of our team, our process, our philosophy and our culture. In 2018, we plan to launch a Version 2.0 that includes a password-protected portal through which Sequoia Fund shareholders and clients with separately-managed accounts can access account statements and reports. Stay tuned. In the meantime, please visit us at www.ruanecunniff.com / www.sequoiafund.com.

The new websites are initial steps in a larger effort we have undertaken to modernize and hopefully improve our client communications. Our goal is to bring our disclosure and service into line with what we see as the best practices of our peers, while at the same time staying true to two core principles that have always guided our approach to client relations. The first of these is to tell you everything we would want to know if

¹ The performance data for the Fund represents past performance and assumes reinvestment of dividends. Past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's 1-year, 5-year and 10-year average annual total returns through September 30, 2017 were 17.76%, 7.95% and 6.53%, respectively. Current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end can be obtained by calling DST Systems, Inc. at (800) 686-6884.



we were standing in your shoes, in honest and unvarnished terms. The second is to stay focused on what matters: our investments and our research process.

In keeping with these objectives, we have decided to make a small modification to our regular client communications. We will continue to publish our Investor Day transcript at mid-year and a long and detailed letter at year-end, but going forward our first-quarter, second-quarter and third-quarter letters will take a more abbreviated form, along the lines of this one.

Turning to portfolio activity in the third quarter, we added to the Fund's already large position in Alphabet. Alphabet continues to stand out given its rapid growth, underlying profitability and, by our estimation, only slightly higher multiple relative to the market. We slightly increased the Fund's position in Jacobs Engineering to 3.0% of the portfolio. Skepticism around a recent acquisition pressured the share price, but we felt the risk-adjusted economics of the deal were attractive and took advantage of the weakness to increase the Fund's investment. We also increased the Fund's position in Wells Fargo to 3.2% of the portfolio. The business continues to perform in line with our expectations while the share price has lagged behind the market, offering us an opportunity to increase the Fund's investment at what we believe are attractive prices. At the end of the quarter, we initiated a new position for the Fund that we will discuss after our purchases are completed.

During the quarter we trimmed the Fund's positions in Chipotle, MasterCard, TJX, Waters and Constellation Software bonds, and exited the Fund's positions in Croda and Danaher. Importantly, several of the trimmed positions remain core holdings and most of the Fund's trims were only in reaction to richer valuations. For example, in the case of MasterCard, the Fund's third-largest holding, we reduced the position size from 9% to 7.5% of the Fund following a nearly 40% increase in value year-to-date. Croda and Danaher are both fine companies whose stock prices, we felt, fully reflected the value of their businesses.

We ended the quarter with the Fund approximately 90% invested in securities and 10% in cash. Fortunately, share price movements have been less correlated with each other than in some time, providing us with opportunities to sell some of the Fund's holdings at higher prices and to buy others at lower prices. We feel we have made good progress in improving the portfolio's underlying valuation and future growth



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rate. As always, our decisions to buy, hold or sell securities are based on our fundamental assessments of the value of the underlying businesses.

Finally, please save the date for our annual Investor Day which will take place on Friday, May 18, 2018 at the Plaza Hotel in New York City. More information including a formal invitation will be sent out in early 2018. We look forward to seeing you there and we invite you to visit our office sooner if you find yourself in New York City.

We are grateful for your support. The entire Ruane, Cunniff & Goldfarb team is working diligently on your behalf. Please don't hesitate to contact us with any questions.

Sincerely,

The Ruane, Cunniff & Goldfarb Investment Committee

David M. Poppe

John B. Harris

Arman Gokgol-Kline

Trevor Magyar

D. Chase Sheridan



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Goldfarb**

Disclosures

Please consider the investment objectives, risks and charges and expenses of Sequoia Fund Inc. (the "Fund") carefully before investing. The Fund's prospectus contains this and other information about the Fund. You may obtain a copy of the prospectus at www.sequoiafund.com or by calling 1-800-686-6884. Please read the prospectus carefully before investing. Shares of the Fund are offered through the Fund's distributor, Ruane, Cunniff & Goldfarb LLC. Ruane, Cunniff & Goldfarb LLC is an affiliate of Ruane, Cunniff & Goldfarb Inc. and is a member of FINRA.

| Sequoia Fund, Inc. – September 30, 2017 | |
|---|--------|
| Top Ten Holdings* | |
| Berkshire Hathaway - Cl A & B | 11.81% |
| US Treasury Bills & Cash | 9.65% |
| Alphabet Inc - Cl A & C | 9.35% |
| MasterCard Inc | 7.53% |
| Carmax, Inc. | 5.98% |
| TJX Cos | 4.99% |
| Constellation Software Inc | 4.97% |
| Dentsply Sirona Inc | 4.82% |
| Rolls-Royce Holdings plc | 4.79% |
| Liberty Media Corp | 4.23% |

** The Fund's holdings are subject to change and are not recommendations to buy or sell any security. The percentages are of total assets.*

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Fund may be offered only to persons in the United States and by way of a prospectus. Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment):

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| | |
|--------------------------------------|---------|
| Management Fees | 1.00% |
| Other Expenses | 0.07% |
| Total Annual Fund Operating Expenses | 1.07%** |

*** Does not reflect Ruane, Cunniff & Goldfarb Inc.'s ("Ruane, Cunniff & Goldfarb") contractual reimbursement of a portion of the Fund's operating expenses. This reimbursement is a provision of Ruane, Cunniff & Goldfarb's investment advisory agreement with the Fund and the reimbursement will be in effect only so long as that investment advisory agreement is in effect. For the year ended December 31, 2016, the Fund's annual operating expenses and investment advisory fee, net of such reimbursement, were 1.00% and 0.93%, respectively.*

The Fund is non-diversified, meaning that it invests its assets in a smaller number of companies than many other funds. As a result, an investment in the Fund has the risk that changes in the value of a single security may have a significant effect, either negative or positive, on the Fund's net asset value per share.

The S&P 500 Index is an unmanaged index of 500 stocks, which is representative of the U.S. stock market in general. The Index does not incur expenses and is not available for investment.