Ruane, Cunniff & Goldfarb Inc.

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July 31, 2017

Dear Sequoia Shareholders and Clients:

Sequoia Fund generated a 3.98%[1] return, net of fees, for the second quarter of 2017 versus a 3.09% return for the Standard & Poor's 500 Index. The Fund generated a 9.67% return for the first half of the year, versus a 9.34% return for the Index.

Ruane, Cunniff & Goldfarb, Inc. held its annual Investor Day on May 19th at the Plaza Hotel in New York City. We would like to thank all of those who attended. The meeting is truly one of the highlights of our year as we get to catch up on old friendships and start new ones. We hope you get as much out of the occasion as we do. For those who were not able to attend, we have attached a transcript of the meeting which we highly encourage reading. It sheds considerable light on the companies in our portfolio, our reasons for owning these businesses, and our approach to investing.

Capital gains distributions have been a topic of conversation with some of our taxable investors over the past several months, and we described our thinking on this matter at some length during the Investor Day. In brief, over the past 15 months we sold a number of highly appreciated securities and redeployed the capital unleashed from these sales into new and more promising investments. This caused our taxable investors to realize capital gains sooner than if we had simply sat on our hands. However, realizing some gains was a small price to pay for the improvement we believe we made to our portfolio's long-term prospects. We have already seen the early benefits of our recent activity, as stocks we purchased since assuming management of the portfolio have outperformed both the S&P 500 and the stocks we sold by a wide margin on a dollar-weighted basis. More broadly, we want to be clear that while Sequoia will always be a relatively low turnover and tax efficient

[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 June 30, 2017 were 17.61%, 8.52% and 6.34%, 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.*

fund, a certain level of turnover is desirable to ensure the portfolio consistently reflects the most attractive opportunities we can identify.

We find that some tax-sensitive investors are disinclined to invest in funds such as Sequoia that exhibit large unrealized gains, out of fear that those gains may be realized and distributed shortly after they buy in. However, the existence of large unrealized capital gains is actually a hallmark of tax efficiency in an equity mutual fund, and, if the investor's time horizon is similar to the manager's, the potential tax liability an investor inherits when joining the fund should be roughly offset by the liability they avoid when exiting the fund in the future.

Turning to portfolio activity in the second quarter, we added slightly to our position in Priceline, bringing that investment to 3.0% of the portfolio.

In our last quarterly letter, we alluded to a new position that we were in the process of acquiring. We can now tell you that we initiated a 2% position in Credit Acceptance Corporation. By quarter's end, our initial 2% position had grown to 2.6% due to a greater than 30% rise in the price of the company's shares.

Credit Acceptance is one of the country's largest independent subprime auto lenders. It works with an extensive network of independent and franchised used car dealers to extend credit to buyers whose spotty or limited credit histories would otherwise prevent them from obtaining car loans.

Subprime auto lending is a difficult business that rewards experienced operators who practice disciplined underwriting and punishes those who attempt to buy growth by relaxing their lending standards. We've seen plenty of the latter behavior in recent years as competition from new entrants has caused lending standards to weaken visibly. The easy lending environment has made the auto finance industry fragile, and has already led to elevated levels of defaults and delinquencies. We would expect defaults to rise sharply from current levels if the economy took a turn for the worse.

While we acknowledge the risks in the industry, we believe that Credit Acceptance's differentiated business model makes the firm more resilient in downturns than a casual observer might appreciate. The business underwent a severe test during the financial crisis in 2008 and passed with flying colors, as Credit Acceptance increased earnings per share in both 2008 and 2009. We purchased our stake for slightly more than 10x estimated 2017 earnings.

Turning from investment matters to the management of our business, we are delighted to announce Jennifer Rusk Talia as our new Director of Client Relations & Business Development. Jen developed and led the investor relations function at her previous employer and comes to us with more than a decade of experience in the field. She will lead our client relations function and, together with our long-tenured client services team, deliver the highest possible standard of client communication and service to our investors. We know you will enjoy getting to know her.

We are also pleased to report the addition of a new independent director to the Sequoia Fund Board of Directors, effective September 12, 2017. Melissa Crandall brings 16 years of financial services experience to the Board, with the past eight years spent in executive search at BraddockMatthews LLC and The Prince Houston Group, where she was a principal and senior recruiter working on assignments across the asset management and financial services industry. Earlier in her career, Melissa served as a vice president at Merrill Lynch & Co., working in a variety of jobs in institutional sales, investment banking and investment management. She is a graduate of Harvard College, cum laude. Melissa brings a deep and useful knowledge of the human resources side of the investment business to the Board and we look forward to working with her in the years ahead.

As always, we are grateful for your support. We continue to work diligently on your behalf.

Sincerely,

The Ruane, Cunniff & Goldfarb Investment Committee

David M. Poppe | John B. Harris | Arman Gokgol-Kline

Trevor Magyar | D. Chase Sheridan

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. – June 30, 2017	
Top Ten Holdings*	
Berkshire Hathaway - Cl A & B	11.28%
US Treasury Bills & Cash	8.65%
MasterCard Inc	7.72%
Alphabet Inc - Cl A & C	6.50%
TJX Cos	5.93%
Dentsply Sirona Inc	5.30%
Carmax, Inc.	5.04%
Constellation Software Inc	4.83%
Rolls-Royce Holdings plc	4.74%
Liberty Media Corp	4.13%

** 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):

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.