



April 6, 2020

Dear Sequoia Shareholders and Clients:

For the first quarter of 2020, Sequoia Fund generated a total return of -22.16% net of fees,¹ versus a -19.60% return for the Standard & Poor's 500 Index.

If there are adjectives that properly convey the scale, scope, speed and severity of the coronavirus pandemic that has gripped the world over the past several weeks, we are unaware of them. We suspect it will be several months before anyone will be able to fully comprehend its impact. All we can say in the meantime is that the range of potential outcomes for the economy has not been wider or subject to more uncertainty since at least the onset of World War II, which is why the last few weeks of trading have been the most volatile in the history of the modern stock market.

In such an environment, it is more important than ever to remain mindful of the crucial distinction between the price of a stock and the value of a business that represents the foundational principle of our approach to investing. During periods of relative calm, Benjamin Graham's metaphorical Mr. Market does a generally good job of assessing the values of individual companies. But like most people, he becomes less discerning when he's panicked, creating pockets of opportunity for investors with the equanimity to ground their judgments in facts rather than emotions. Our aim is to exploit these opportunities where we see them, reducing holdings that Mr. Market continues to view with relative optimism and increasing those where we think he has become excessively skeptical. To that end, we have added in recent weeks to our investments in Arista, Booking, Carmax, Credit Acceptance, Schwab, UnitedHealth and Wayfair, while trimming our investments in Alphabet, Amazon, Berkshire, Constellation, Jacobs and Liberty Broadband.

As we debate these shifts, we try to balance opportunism with humility. While Mr. Market becomes more mistake-prone when he's nervous, he still tends to get it right much more often than he gets it wrong, and he retains a highly developed capacity for punishing complacency and stubborn thinking. One stock does not become a better value than another simply because it declines more in value, and "cheap" statistical valuations can turn out to be far more expensive than they appear—especially at inflection points when past patterns of behavior can undergo permanent shifts. In recognition of these realities, we are intently focused on revisiting our theses and assumptions with as open a mind as possible. While we have no more insight than anyone else as to how events will unfold over the

¹ The performance data for the Fund shown above 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 March 31, 2020 were -12.35%, -1.19% and 7.84%, 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.



coming months, our goal is to own an assemblage of outstanding businesses that can both survive and thrive in any scenario we can imagine. At present, we believe that all of our holdings meet this standard, but if the facts or our assessments of them change, we will not hesitate to change our minds, even if it means crystallizing losses. We hold fast to time-tested principles, but we are not nostalgic.

The changes we have made to the portfolio in recent weeks have been incremental in nature—typically a percentage point here and a percentage point there. Amidst a swirl of disconcerting events that can feel as though they’re spinning out of control, it’s natural to want to grab the wheel hard and steer, making wholesale changes to a portfolio, or possibly “going to cash.” Yet while bold action amidst heightened uncertainty may be emotionally soothing, it is rarely financially rewarding. It presupposes an arrogant degree of confidence in future outcomes that are hard to predict even in good times. In our experience, the only setting in which investors reliably buy at the bottom, sell at the top or go to cash at the right moment is a cocktail party. During market hours, seeing clearly into an inherently cloudy future is far more challenging, which is why our preference is to make a larger number of smaller decisions than a smaller number of big ones. Here again, our goal is to balance the imperative to exploit an expanded set of opportunities with an appropriately humble appreciation for what we can and can’t know, and for how remarkably hard it is to “be right.” Minimizing the incidence and impact of inevitable mistakes is half the battle in our business, if not more.

The alacrity with which our business team transitioned to fully remote working arrangements in early March was breathtaking and gratifying. The operations of the Firm have run smoothly and without interruption throughout the unfolding pandemic, thanks to a lot of very hard work under very challenging circumstances that we want to highlight here because we realize it’s hard for clients to see. When our team can all actually be in a room with each other again, a medal of honor for leading our business continuity efforts will be placed around the neck of COO Wendy Goodrich, who somehow managed to oversee an incredibly complicated set of transitions while undergoing and recuperating from an emergency appendectomy. Some of us wonder—and none of us would be surprised—if Wendy actually performed the surgery on herself, probably while on a conference call with one of our service providers.

For as long as we can remember, we have hosted our annual Investor Day in May. This year, in an attempt to err on the side of caution, we have made the difficult decision to postpone the date and move to a 100%-virtual format. We will now live-stream our usual format at 10:00am on July 15, 2020, which happens to be Sequoia Fund’s 50th birthday. Logistical details will be mailed to Fund shareholders and posted on our website over the coming weeks. It goes without saying that we would have much preferred to have celebrated with you in person, but that will have to wait for another time.

As stewards of your capital and significant investors in the Fund, we don't enjoy watching our holdings decline in value, but we are nonetheless energized and excited by the richest opportunity set we have seen in a decade. Without for a moment minimizing the enormity of recent events, history demonstrates clearly that periods of vast uncertainty are often when the big money is made in markets. It also demonstrates that the resilience of people and their businesses should not be underestimated. 100 years ago, America experienced one of the deepest economic recessions in its history, driven mainly by the deflationary impact of the end of World War I, but also by an influenza pandemic of unprecedented scale that killed the modern-day equivalent of nearly two million people in the US and an almost incomprehensible 200 million people globally. While past results are no guarantee of future performance, as the saying goes, it is interesting to observe that the end of that recession (many accounts actually describe it as a depression) marked the dawn of a Roaring Twenties during which innovation flourished, the economy boomed and stocks enjoyed one of their strongest bull runs ever. We have no idea what the Twenties of this century will bring, but we are certain that the best way to navigate the current situation and its aftermath is to own a thoughtfully researched and carefully purchased collection of outstanding businesses with the ability to prosper in a wide range of conditions, steadily evolving and enhancing its composition as opportunity allows.

Sincerely,

The Ruane Cunniff Investment Committee



Arman Gokgol-Kline



John Harris



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 and summary prospectus contain this and other information about the Fund and are available at www.sequoiafund.com or by calling 1-800-686-6884. Please read the prospectus and summary prospectus carefully before investing. Shares of the Fund are distributed by Foreside Financial Services, LLC (Member FINRA).

Sequoia Fund, Inc. – March 31, 2020	
Top Ten Holdings*	
Alphabet, Inc.	12.4%
CarMax, Inc.	5.8%
Constellation Software, Inc.	5.7%
Berkshire Hathaway, Inc.	5.5%
MasterCard, Inc.	4.8%
Arista Networks, Inc.	4.8%
Charles Schwab Corp.	4.7%
Facebook, Inc.	4.5%
Liberty Broadband Corp.	4.2%
UnitedHealth Group, Inc.	4.1%

** 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):

<i>Management Fees</i>	<i>1.00%</i>
<i>Other Expenses</i>	<i>0.06%</i>
<i>Total Annual Fund Operating Expenses**</i>	<i>1.06%</i>
<i>Expense Reimbursement by Investment Adviser**</i>	<i>(0.06)%</i>
<i>Net Annual Fund Operating Expenses**</i>	<i>1.00%</i>

*** It is the intention of Ruane, Cunniff & Goldfarb L.P. (the “Adviser”) to ensure the Fund does not pay in excess of 1.00% in Net Annual Fund Operating Expenses. This reimbursement is a provision of the Adviser’s investment advisory contract with the Fund and the reimbursement will be in effect only so long as that investment advisory contract is in effect. The expense ratio presented is from the Fund’s prospectus dated May 1, 2019. For the year ended December 31, 2019, 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 capitalization-weighted index of the common stocks of 500 major US corporations. The Index does not incur expenses. It is not possible to invest directly in the Index.