

QUARTERLY REPORT For the Period Ended March 31, 2011

To the Shareholders of Sequoia Fund, Inc.:

As of this writing, the Sequoia Fund is up 10.81% year-to-date versus 6.81% for the Standard & Poor's 500 Index.

We recently held our annual investor day for Sequoia shareholders and other clients of Ruane, Cunniff & Goldfarb. The following comments were made by Bob Goldfarb at that meeting. A transcript of the question-and-answer portion of the meeting will be mailed to you with the second quarter report in August.

We are pleased with our results since we met here a year ago. As long-term investors, we're particularly proud of our 41-year record.

Over the past decade, our firm has undergone some significant changes. We own less Berkshire than we did for many years; we own more stocks than in the past; and the stocks we own represent a broader group of industries and geographies than in the past.

The most important change, however, is that we have carefully and steadily added to our research team over the past decade. Much of our recent success is due to the enormous contribution of our team. Since 2006, we have added five new analysts, with a sixth new hire set to start in July. Our total research staff is now up to 18 people, double the level of a decade ago. Vastly more important than quantity, however, is the quality of the team we've built.

If there is one take away from today's meeting, it should be that we have added breadth to our research effort without sacrificing depth of focus. We will continue to invest considerable resources in our analytical team. This yields far and away our highest return on investment.

As we noted in our annual letter, in the years ahead we would expect to own a greater number of stocks than we have owned in the past. This is entirely a function of the quality of ideas generated by our research team. We expect to remain more concentrated than most other investors, but less concentrated than in the past.

The argument against greater diversification is that your best idea is likely to produce far superior results than your 16th best idea. This was certainly true in the past year, when the idea to which we committed the most money, Valeant Pharmaceutical, produced extraordinary results. At the end of 2010, our six largest positions constituted more than 40% of our assets under management, an unusual level of concentration for most investors.

That said, our recent experience with ideas which occupy places 16 to 25 suggests that our team is producing excellent ideas and strong supporting research that results in good investment performance. I would add that a number of ideas that were proposed and thoroughly researched by our team, but on which we ultimately passed, were pretty darn good ideas which we now regret are not in the portfolios.

The quality of our analytical team and the quantity of ideas we are generating today form the basis for our confidence in the future. We do not lack for creativity or analytical rigor. We have always prided ourselves on the depth of our research, but lately we've come to like our breadth, too. We feel this group of analysts does a remarkable job on your behalf.

Sincerely,



Richard T. Cunniff
Vice Chairman



Robert D. Goldfarb
President



David M. Poppe
Executive Vice President

May 23, 2011

We have enhanced the online services available to our shareholders through our website, www.sequoiafund.com. Now shareholders may check their account information online as well as purchase or redeem shares of the Fund. In addition, the following types of accounts may be opened through the website: individual, joint, TOD, and UGMA/UTMA accounts and Traditional and Roth IRAs. You may establish online transaction privileges by enrolling on the website. You automatically have the ability to establish these privileges, but you will be required to enter into a user's agreement through the website to enroll for the privileges. Transactions through the website are subject to the same investment minimums as other transaction methods. Please review the Fund's prospectus for more information about the online services as well as the limitations and risks relating to such services.

FUND PERFORMANCE

Sequoia Fund's results for the first quarter of 2011 are shown below with comparable results for the S&P 500 Index:

To March 31, 2011	Sequoia Fund	Standard & Poor's 500
3 Months	10.44%	5.92%
1 Year	22.20%	15.65%
5 Years (Annualized)	4.92%	2.62%
10 Years (Annualized)	6.82%	3.29%

The performance shown above represents past performance and does not guarantee future results. The table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance information shown.

The S&P 500 Index is an unmanaged, capitalization-weighted index of the common stocks of 500 major US corporations. The performance data quoted represents past performance and assumes reinvestment of dividends. 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. Year to date performance as of the most recent month end can be obtained by calling DST Systems, Inc. at (800) 686-6884.

FEES AND EXPENSES OF THE FUND (UNAUDITED)

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

Shareholder Fees (fees paid directly from your investment)

The Fund does not impose any sales charges, exchange fees or redemption fees.

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)

Annual Fund Operating Expenses

Management Fees	1.00%
Other Expenses	0.04%
Total Annual Fund Operating Expenses*	1.04%

* 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, 2010, the Fund's annual operating expenses net of such reimbursement was 1.00%.

SEQUOIA FUND, INC.
SCHEDULE OF INVESTMENTS
MARCH 31, 2011 (UNAUDITED)

COMMON STOCKS (78.84%)

<u>Shares</u>		<u>Value (a)</u>
	ADVERTISING (1.12%)	
933,743	Omnicom Group Inc.	<u>\$ 45,809,432</u>
	AEROSPACE/DEFENSE (7.50%)	
947,406	Precision Castparts Corp.	139,439,215
23,161,200	Qinetiq Group plc (United Kingdom) (b)	45,210,662
12,376,114	Rolls-Royce Group plc (United Kingdom)	<u>122,894,812</u>
		<u>307,544,689</u>
	AUTO PARTS (6.24%)	
2,449,400	Advance Auto Parts, Inc.	160,729,628
1,656,139	O'Reilly Automotive Inc. (b)	<u>95,161,747</u>
		<u>255,891,375</u>
	CONSTRUCTION EQUIPMENT (1.04%)	
1,520,736	Ritchie Bros. Auctioneers Incorporated	<u>42,808,718</u>
	CRUDE OIL & GAS PRODUCTION (0.22%)	
179,508	Canadian Natural Resources Limited	<u>8,873,080</u>
	DIVERSIFIED COMPANIES (9.40%)	
3,055	Berkshire Hathaway Inc. Class A (b)	382,791,500
33,000	Berkshire Hathaway Inc. Class B (b)	<u>2,759,790</u>
		<u>385,551,290</u>
	DIVERSIFIED MANUFACTURING (0.97%)	
765,664	Danaher Corporation	<u>39,737,962</u>
	ELECTRONIC MANUFACTURING SERVICES (0.09%)	
77,500	Trimble Navigation Limited (b)	<u>3,916,850</u>
	FLOORING PRODUCTS (3.96%)	
2,656,923	Mohawk Industries Inc. (b)	<u>162,470,841</u>
	FREIGHT TRANSPORTATION (0.33%)	
271,300	Expeditors International Inc.	<u>13,602,982</u>
	HEALTHCARE (15.58%)	
418,000	Becton, Dickinson and Company	33,281,160
529,800	Perrigo Company	42,129,696
11,320,000	Valeant Pharmaceuticals International Inc.	<u>563,849,200</u>
		<u>639,260,056</u>
	INDUSTRIAL & CONSTRUCTION SUPPLIES (5.49%)	
3,475,384	Fastenal Company	<u>225,309,145</u>
	INDUSTRIAL GASES (0.89%)	
359,017	Praxair, Inc.	<u>36,476,127</u>
	INFORMATION PROCESSING (1.83%)	
298,457	MasterCard Inc.	<u>75,127,596</u>
	INSURANCE BROKERS (0.71%)	
1,124,830	Brown & Brown Inc.	<u>29,020,614</u>
	INTERNET SOFTWARE & SERVICES (1.87%)	
130,571	Google Inc. (b)	<u>76,542,026</u>

<u>Shares</u>		<u>Value (a)</u>
	INVESTMENT BANKING & BROKERAGE (1.68%)	
435,000	The Goldman Sachs Group Incorporated	68,934,450
	IT CONSULTING & OTHER SERVICES (1.90%)	
477,000	International Business Machines Corp.	77,784,390
	LABORATORY SUPPLIES (0.08%)	
19,247	Mettler-Toledo International Inc. (b)	3,310,484
	PROPERTY AND CASUALTY INSURANCE (0.02%)	
21,000	Verisk Analytics, Inc. (b)	687,960
	RETAILING (8.93%)	
39,666	Costco Wholesale Corporation	2,908,311
1,368,875	Target Corporation	68,457,439
4,934,190	TJX Companies, Inc.	245,377,269
949,032	Wal-Mart Stores, Inc.	49,397,116
		<u>366,140,135</u>
	VETERINARY DIAGNOSTICS (4.83%)	
2,565,548	Idexx Laboratories Inc. (b)	198,111,617
	Miscellaneous Securities (4.16%) (c)	171,323,231
	TOTAL COMMON STOCKS (COST \$1,564,240,550)	<u><u>\$3,234,235,050</u></u>

U.S. GOVERNMENT OBLIGATIONS (20.65%)

<u>Principal Amount</u>		<u>Value (a)</u>
\$847,000,000	U.S. Treasury Bills, 0.13% – 0.20% due 4/14/2011 through 5/19/2011	\$ 846,971,129
	TOTAL U.S. GOVERNMENT OBLIGATIONS (COST \$846,971,129)	<u>\$ 846,971,129</u>
	TOTAL INVESTMENTS (99.49%) (COST \$ 2,411,211,679) ++	<u><u>\$4,081,206,179</u></u>

SUMMARY

Common Stocks	78.84%	\$3,234,235,050
U.S. Government Obligations	20.65%	846,971,129
Net Cash & Receivables	0.51%	20,998,106
Net Assets		<u><u>\$4,102,204,285</u></u>
Number of Shares Outstanding		<u>28,729,142</u>
Net Asset Value Per Share		<u>\$ 142.79</u>

++ The cost for federal income tax purposes is identical. At March 31, 2011 the aggregate gross tax basis unrealized appreciation and depreciation of securities were \$1,681,324,940 and \$11,330,440, respectively.

- (a) Securities traded on a national securities exchange are valued at the last reported sales price on the principal exchange on which the security is listed on the last business day of the period; securities traded in the over-the-counter market are valued in accordance with NASDAQ Official Closing Price on the last business day of the period; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices.

Securities traded on a foreign exchange are valued at the last reported sales price on the principal exchange on which the security is primarily traded. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the New York Stock Exchange on that day.

U.S. Treasury Bills with remaining maturities of sixty days or less are valued at their amortized cost. U.S. Treasury Bills that when purchased have a remaining maturity in excess of sixty days are stated at their discounted value based upon the mean between the bid and asked discount rates until the sixtieth day prior to maturity, at which point they are valued at amortized cost.

When reliable market quotations are insufficient or not readily available at time of valuation or when the Investment Adviser determines that the prices or values available do not represent the fair value of a security, such security is valued as determined in good faith by the Investment Adviser, in conformity with guidelines adopted by and subject to review by the Board of Directors.

Purchases and sales of foreign portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities are acquired or sold.

- (b) Non-income producing.
- (c) "Miscellaneous Securities" include holdings in their initial period of acquisition that have not previously been publicly disclosed.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. During the period ended March 31, 2011, there were no significant transfers into and out of Level 1 and 2 measurements in the fair value hierarchy.

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2011:

Valuation Inputs	Common Stocks	U.S. Government Obligations	Total
Level 1 – Quoted Prices	\$3,234,235,050	—	\$3,234,235,050
Level 2 – Other Significant Observable Inputs*	—	\$846,971,129	846,971,129
Total	\$3,234,235,050	\$846,971,129	\$4,081,206,179

- * Represents U.S. Treasury Bills with remaining maturities of 60 days or less which are valued at their amortized cost.

Other information

Please consider the investment objectives, risks and charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other information about the Fund. You may obtain year to date performance as of the most recent month end, and a copy of the prospectus by calling 1-800-686-6884, or on the Fund's website at <http://www.sequoiafund.com>. 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. 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.

The Fund may be offered only to persons in the United States and by way of a prospectus. This should not be considered a solicitation or offering of any product or service to investors residing outside of the United States.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's web site at <http://www.sec.gov>. The Fund's Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. For information regarding the operation of the SEC's Public Reference Room, call 1-800-SEC-0330. For a complete list of the Fund's portfolio holdings, view the most recent quarterly, semiannual or annual report on Sequoia Fund's web site at <http://www.sequoiafund.com/fund-reports.htm>.

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Visit Sequoia Fund's web site at www.sequoiafund.com and use the 'Shareholder Information' link to obtain all proxy information. This information may also be obtained from the Securities and Exchange Commission's web site at www.sec.gov or by calling DST Systems, Inc. at (800) 686-6884.

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Sharon Osberg
Robert L. Swiggett

OFFICERS

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Robert D. Goldfarb — President
David M. Poppe — Executive Vice President
Joseph Quinones, Jr. — Vice President, Secretary, Treasurer &
Chief Compliance Officer
Michael Valenti — Assistant Secretary

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