Sequoia Fund, Inc.

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QUARTERLY REPORT
For the Period Ended March 31, 2012

To the Shareholders of Sequoia Fund, Inc.:

As of this writing, the Sequoia Fund is up 5.22% year-to-date versus 5.58% for the S&P 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.

I want to welcome you to the 2012 Ruane, Cunniff & Goldfarb Investor Day.

I meet periodically with a limited number of our larger clients, and frequently they ask me about my future plans and my views about how the firm is operating. Therefore, while on past investor days I have spoken to external issues, today I want to convey some more inward-looking thoughts about these topics. The theme of my comments today is ''The Same, Only Different''.

I want to mostly describe to you how I feel that the firm has evolved over time, maintaining and extending the core principles and culture that Bill Ruane and Rick Cunniff established when they founded the firm almost 43 years ago.

But first, I want to tell you that my doctor says I'm in excellent health, and I should have a number of productive years ahead of me. I have no plans to do anything other than what I've enjoyed doing since I came here in 1971. As Bill was fond of saying over a glass of beer, if you love what you do, you'll never have to work another day in your life. (Confucius is also rumored to have said this but I think Bill probably gave him the line.) In any case, I fully expect to be here a long time working alongside David and the rest of our research team, a number of whom have been working together since Bill Ruane scaled back about at decade ago. Even as we were losing Bill's tremendous talents, the research continued to be strong and the transition was quite smooth. One of my principal objectives is for the transition when I eventually depart to be equally seamless.

There was a time in the early 70's when we spent time looking for new clients just to cover our costs and make a narrow profit. But once our assets grew to a critical mass, Bill and Rick chose not to maximize funds under management but rather to strive for the highest performance for our clients while taking modest risk. As Warren Buffett has said, size is the enemy of performance. For that reason, Sequoia was closed to new investors between 1982 and 2008. Warren also said that of his friends in the investing world, Bill had the least interest in accumulating personal capital. That focus on maximizing wealth for our clients still is the governing ethos of the firm.

Our culture is characterized by a lack of structure and hierarchy, intended to maximize autonomy and individual initiative. When I first came to the firm, nobody gave me any indication of what I was supposed to do. Having just come from business school where we were assigned several case studies to review and analyze every evening, this new situation where I had complete freedom to research any company, without any assignments, represented a huge change. Over time, though, I became used to it though, and now I can't imagine the firm operating any other way. This may seem like an odd way for an investment management operation to go about its business, but I feel that this ''free-range'' culture fosters creativity, initiative, a sense of ownership with respect to projects, and a respect for the opinions and ideas of each analyst. We're not telling the analysts what to research; we're asking them what we should potentially be buying.

For example, while many other investment firms ask their analysts to cover a specific sector, at Ruane Cunniff, every analyst is a generalist, free to look at companies in any industry. For example, Arman found jet engine manufacturer Rolls Royce for our portfolio, but that didn't stop Greg Steinmetz from researching and ultimately recommending airplane parts manufacturer Precision Castparts. This absence of hierarchy fits well with our overarching culture of collegiality.

With respect to the firm's ownership, it was Bill and Rick's desire to perpetuate Ruane Cunniff as an independent entity. Their fear was that under another company's ownership, there would be more pressure to grow assets, less tolerance of lumpy results even if underlying investment performance was fine, dilution of the culture, and the risk of a series of different corporate managers or owners with differing priorities.

There are investment firms that share our values and have excellent long-term track records, but I think what makes RCG particularly unique is our eclecticism with respect to the types of stocks we hold and our willingness to run a concentrated portfolio. You won't see a lot of portfolios that resemble what you see in Sequoia, whether it be the mix of foreign and domestic securities, large capitalization and medium to smaller capitalization companies, faster-growing and more mature firms, stocks with high price-earnings ratios and low price-earnings ratios, or high price-to-book-value ratio stocks and low price-to-book stocks. This is in part due to the fact that we never wanted to have a second fund, much less a family of funds, addressing different market segments, because we wanted to buy the best stocks for all of our clients in a single portfolio and not dilute that portfolio's performance. Additionally the fact that we will put more than 5% of our fund in not one but in several positions is unusual. For these reasons, consultants often have trouble classifying Sequoia and our separately managed portfolios. We refuse to be pigeon-holed or put in a box.

Moreover, our annual returns often vary significantly from that of the S & P 500—something many other investment firms have no stomach for. Although our objective has always been to exceed the S & P 500 over time, in constructing our portfolio we pay zero heed to matching the industry weightings of the S & P 500. In fact, we don't even know what these weightings are. Last year, we had a significant positive variance versus the S & P, which masked some sloppy security selection. We feel we have responded to the sloppiness and that the process by which we subsequently selected securities reflects increased discipline. Because of our concentration and eclectic security selection, you should expect a negative variance relative to the index in some other years, in line with our historical record. However, if we do our job right, over time our performance will be satisfactory.

As I said several years ago, it has been our goal to achieve the same level of analytical depth that we historically had, but to broaden our coverage both in terms of the number of opportunities we research and in terms of the types of industries we cover. We compiled a fine investment record over our first 30+ years with a relatively small investment staff, but to meet the challenges of an increasingly fast moving and competitive field, we felt we needed to add more people to quicken our pace and look at more ideas, especially given that our two founders were going to be less active. We feel we have made important strides in these respects. We began this initiative while Bill and Rick were still active, but we have accelerated the pace in recent years.

Over the last few years, the analysts we hired in the last decade of Bill's life have become increasingly productive and the analysts we have hired more recently have shown through their contributions that they are as outstanding as the prior vintage. Additionally, our larger analytical team has helped us expand our coverage into new areas such as technology and pharmaceuticals, and we are doing a lot more research into foreign companies. In the early years of the firm, we did not buy many foreign stocks, but with many businesses—and not just traditional multinationals—increasingly going global, the world has changed. Companies that historically did all of their business in North America are doing more and more overseas. When we first bought Mohawk in 2002, it had most of its manufacturing in a small region of northern Georgia. With the acquisition of Belgium-based Unilin in late 2005, it now has extensive operations in Europe. Subsequently, it built a plant in Mongolia and has entered the Russian flooring market.

In this environment, where many companies are deriving increasing percentages of their sales from foreign markets, and where many excellent companies that serve those markets are domiciled abroad, it doesn't make sense to restrict our research universe to only those that are domiciled in the United States. To invest abroad successfully, we need to be not only attentive to currency risk, but we must be aware of different standards with respect to ethical business practices, regulation, disclosure, and legal rights of shareholders. All that said, the underlying tenets of the Ruane Cunniff investing handbook still apply. That's just one example of the several I've mentioned which support today's theme that the firm is the same, only different.

In the next few months, we have two more analysts coming on board, one of whom interned for us last summer. I was concerned that with the growing number of people at the firm who unfortunately never had the pleasure of working with Rick or even knowing Bill, somehow our culture would have been diluted. However I've been pleasantly surprised that everyone has bought into and reinforced the culture. The overwhelming majority of new ideas that have made it into the Fund and our clients' portfolios have emanated from the analysts, rather than from David or myself. We are pleased that we've experienced 100% voluntary retention in our research group since 2003.

Among the questions that investment consultants who believe in check-the-box investment management pose is ''how many analysts do you have?'' If the firms with the largest staffs of analysts generated the best research, then the list of Morningstar equity award winners would be dominated by the behemoths of the industry with their large armies of analysts and multitudes of funds. With all due respect, they're not. In fact, most of the winners have been firms like our own, with research staffs comparable in size to ours or smaller. You don't need dozens of analysts. You need a limited number of talented analysts.

When the two new analysts arrive, we feel that we will be appropriately staffed with respect to both quantity and quality. But you don't have to take my word for it. One of the principal reasons why we have chosen this format for our Investor Day is so you can be exposed to the thought processes and critical thinking of our analysts.

With that, I'd like to introduce our team of analysts and then we'll open the floor up to questions.

Sincerely,

Richard T. Cunniff	Robert D. Goldfarb	David M. Poppe
Vice Chairman	President	Executive Vice President

May 23, 2012

FUND PERFORMANCE

Sequoia Fund's results for the first quarter of 2012 are shown below with comparable results for the S&P 500 Index:

To March 31, 2012	Sequoia Fund	Standard & Poor's 500
3 Months	10.76%	12.59%
1 Year	13.51%	8.54%
5 Years (Annualized)	6.33%	2.01%
10 Years (Annualized)	6.56%	4.12%

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 distributions. 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	0.03%
Total Annual Fund Operating Expenses*	1.03%

* 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, 2011, the Fund's annual operating expenses net of such reimbursement was 1.00%.

SEQUOIA FUND, INC.
SCHEDULE OF INVESTMENTS
MARCH 31, 2012 (UNAUDITED)

COMMON STOCKS (78.67%)

Shares		Value (a)
	ADVERTISING (0.83%)	
933,743	Omnicom Group Inc.	$ 47,294,083
	AEROSPACE/DEFENSE (6.76%)	
947,406	Precision Castparts Corp.	163,806,497
23,161,200	Qinetiq Group plc (United Kingdom)	59,014,738
12,376,114	Rolls-Royce Group plc (United Kingdom)	160,740,969
		383,562,204
	AUTO PARTS (6.57%)	
2,500,000	Advance Auto Parts, Inc.	221,425,000
1,656,139	O'Reilly Automotive Inc. (b)	151,288,298
		372,713,298
	CONSTRUCTION EQUIPMENT (0.64%)	
1,520,736	Ritchie Bros. Auctioneers Incorporated	36,132,687
	CRUDE OIL & GAS PRODUCTION (0.10%)	
179,508	Canadian Natural Resources Limited	5,956,075
	DIVERSIFIED COMPANIES (10.01%)	
3,288	Berkshire Hathaway Inc. Class A (b)	400,807,233
2,062,560	Berkshire Hathaway Inc. Class B (b)	167,376,744
		568,183,977
	DIVERSIFIED MANUFACTURING (0.76%)	
765,664	Danaher Corporation	42,877,184
	ELECTRONIC MANUFACTURING SERVICES (0.61%)	
638,349	Trimble Navigation Limited (b)	34,738,953
	FLOORING PRODUCTS (3.11%)	
2,656,923	Mohawk Industries Inc. (b)	176,711,949
	FREIGHT TRANSPORTATION (0.20%)	
236,500	Expeditors International Inc.	10,999,615
	GLASS TECHNOLOGY (0.75%)	
3,016,800	Corning Inc.	42,476,544
	HEALTHCARE (12.24%)	
418,000	Becton, Dickinson and Company	32,457,700
529,800	Perrigo Company	54,733,638
11,320,000	Valeant Pharmaceuticals International Inc. (b)	607,770,800
		694,962,138
	INDUSTRIAL & CONSTRUCTION SUPPLIES (6.62%)	
6,950,768	Fastenal Company	376,036,549
	INDUSTRIAL GASES (1.39%)	
688,661	Praxair, Inc.	78,948,097
	INDUSTRIAL MACHINERY (1.10%)	
4,020,749	IMI plc (United Kingdom)	62,542,751
	INFORMATION PROCESSING (2.21%)	
298,457	MasterCard Inc.	125,513,107
	INSURANCE BROKERS (0.47%)	
1,124,830	Brown & Brown Inc.	26,748,457

Shares		Value (a)
	INTERNET SOFTWARE & SERVICES (1.83%)	
162,271	Google Inc. (b)	$ 104,054,656
	INVESTMENT BANKING & BROKERAGE (0.95%)	
435,000	The Goldman Sachs Group Incorporated	54,100,950
	IT CONSULTING & OTHER SERVICES (1.75%)	
477,000	International Business Machines Corp.	99,526,050
	PROPERTY AND CASUALTY INSURANCE (0.71%)	
6,237,236	Hiscox Ltd. (United Kingdom)	39,519,127
21,000	Verisk Analytics, Inc. (b)	986,370
		40,505,497
	RENEWABLE ENERGY (0.22%)	
321,300	First Solar, Inc. (b)	8,048,565
99,785	SMA Solar Technology AG (Germany)	4,521,857
		12,570,422
	RETAILING (9.78%)	
39,666	Costco Wholesale Corporation	3,601,673
1,471,375	Target Corporation	85,737,021
10,268,380	TJX Companies, Inc.	407,757,370
949,032	Wal-Mart Stores, Inc.	58,080,758
		555,176,822
	SPECIALTY CHEMICALS (0.91%)	
1,534,809	Croda International plc (United Kingdom)	51,700,041
	TRANSPORTATION SERVICES (1.16%)	
1,602,520	World Fuel Services Corp.	65,703,320
	VETERINARY DIAGNOSTICS (3.13%)	
2,032,048	Idexx Laboratories Inc. (b)	177,702,598
	Miscellaneous Securities (3.86%) (c)	219,131,473
	TOTAL COMMON STOCKS (COST $2,147,654,095)	$4,466,569,497

U.S. GOVERNMENT OBLIGATIONS (21.24%)

Principal Amount		Value (a)
$1,206,000,000	U.S. Treasury Bills, 0.020% - 0.071% due 5/10/2012 through 6/21/2012	$1,205,867,513
	TOTAL U.S. GOVERNMENT OBLIGATIONS (COST $1,205,936,354)	$1,205,867,513
	TOTAL INVESTMENTS (99.91%) (COST $ 3,353,590,449) ++	$5,672,437,010

SUMMARY

Common Stocks	78.67%	$4,466,569,497
U.S. Government Obligations	21.24%	1,205,867,513
Net Cash & Receivables	0.09%	5,353,357
Net Assets		$5,677,790,367
Number of Shares Outstanding		35,232,463
Net Asset Value Per Share		$ 161.15

++ The cost for federal income tax purposes is identical. At March 31, 2012 the aggregate gross tax basis unrealized appreciation and depreciation of securities were $2,378,546,481 and $59,699,920 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 Official Closing Price on the last business day of the period 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, 2012, 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, 2012:

Valuation Inputs		Common Stocks	U.S. Government Obligations	Total
Level 1 –	Quoted Prices	$4,466,569,497		$4,466,569,497
Level 2 –	Other Significant Observable Inputs	—	$1,205,867,513	1,205,867,513
Total		$4,466,569,497	$1,205,867,513	$5,672,437,010

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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Richard T. Cunniff
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David M. Poppe
Vinod Ahooja
Roger Lowenstein, Chairman of the Board
C. William Neuhauser
Sharon Osberg
Robert L. Swiggett

OFFICERS

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

INVESTMENT ADVISER

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