



**Sequoia
Fund, Inc.**

**SEMI-ANNUAL
REPORT
(Unaudited)
JUNE 30, 2012**

SEQUOIA FUND, INC.
ILLUSTRATION OF AN ASSUMED INVESTMENT OF \$10,000
With Income Dividends and Capital Gains
Distributions Reinvested in Shares (Unaudited)

The table below covers the period from July 15, 1970 (the date Fund shares were first offered to the public) to June 30, 2012. This period was one of widely fluctuating common stock prices. The results shown should not be considered as a representation of the dividend income or capital gain or loss which may be realized from an investment made in the Fund today.

<u>PERIOD ENDED</u>	<u>Value of Initial \$10,000 Investment</u>	<u>Value of Cumulative Reinvested Capital Gains Distributions</u>	<u>Value of Cumulative Reinvested Dividends</u>	<u>Total Value of Shares</u>
July 15, 1970	\$ 10,000	\$ —	\$ —	\$ 10,000
May 31, 1971	11,750	—	184	11,934
May 31, 1972	12,350	706	451	13,507
May 31, 1973	9,540	1,118	584	11,242
May 31, 1974	7,530	1,696	787	10,013
May 31, 1975	9,490	2,137	1,698	13,325
May 31, 1976	12,030	2,709	2,654	17,393
May 31, 1977	15,400	3,468	3,958	22,826
Dec. 31, 1977	18,420	4,617	5,020	28,057
Dec. 31, 1978	22,270	5,872	6,629	34,771
Dec. 31, 1979	24,300	6,481	8,180	38,961
Dec. 31, 1980	25,040	8,848	10,006	43,894
Dec. 31, 1981	27,170	13,140	13,019	53,329
Dec. 31, 1982	31,960	18,450	19,510	69,920
Dec. 31, 1983	37,110	24,919	26,986	89,015
Dec. 31, 1984	39,260	33,627	32,594	105,481
Dec. 31, 1985	44,010	49,611	41,354	134,975
Dec. 31, 1986	39,290	71,954	41,783	153,027
Dec. 31, 1987	38,430	76,911	49,020	164,361
Dec. 31, 1988	38,810	87,760	55,946	182,516
Dec. 31, 1989	46,860	112,979	73,614	233,453
Dec. 31, 1990	41,940	110,013	72,633	224,586
Dec. 31, 1991	53,310	160,835	100,281	314,426
Dec. 31, 1992	56,660	174,775	112,428	343,863
Dec. 31, 1993	54,840	213,397	112,682	380,919
Dec. 31, 1994	55,590	220,943	117,100	393,633
Dec. 31, 1995	78,130	311,266	167,129	556,525
Dec. 31, 1996	88,440	397,099	191,967	677,506
Dec. 31, 1997	125,630	570,917	273,653	970,200
Dec. 31, 1998	160,700	798,314	353,183	1,312,197
Dec. 31, 1999	127,270	680,866	286,989	1,095,125
Dec. 31, 2000	122,090	903,255	289,505	1,314,850
Dec. 31, 2001	130,240	1,002,955	319,980	1,453,175
Dec. 31, 2002	126,630	976,920	311,226	1,414,776
Dec. 31, 2003	147,610	1,146,523	362,790	1,656,923
Dec. 31, 2004	154,270	1,200,687	379,159	1,734,116
Dec. 31, 2005	155,450	1,331,529	382,059	1,869,038
Dec. 31, 2006	152,750	1,496,788	375,422	2,024,960
Dec. 31, 2007	139,120	1,713,258	342,768	2,195,146
Dec. 31, 2008	95,270	1,265,238	241,397	1,601,905
Dec. 31, 2009	109,900	1,459,533	278,860	1,848,293
Dec. 31, 2010	129,290	1,745,828	333,509	2,208,627
Dec. 31, 2011	145,500	1,979,112	375,323	2,499,935
June 30, 2012	153,170	2,083,440	395,108	2,631,718

The total amount of capital gains distributions reinvested in shares was \$1,445,712. The total amount of dividends reinvested was \$130,082, including return of capital distributions reinvested of \$5,294.

No adjustment has been made for any taxes payable by shareholders on capital gain distributions and dividends reinvested in shares.

To the Shareholders of Sequoia Fund, Inc.

Dear Shareholder:

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

To June 30, 2012	<u>Sequoia Fund</u>	<u>Standard & Poor's 500*</u>
3 Months	-4.95%	-2.75%
6 Months	5.27%	9.49%
1 Year	6.75%	5.45%
5 Years (Annualized)	4.20%	0.22%
10 Years (Annualized)	6.29%	5.33%

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.*

We are providing you with a copy of the transcript of the Ruane, Cunniff & Goldfarb Inc./Sequoia Fund, Inc. "Annual Investor Day 2012" meeting that was held on May 18th.

Sincerely,



Richard T. Cunniff
Vice Chairman



Robert D. Goldfarb
President



David M. Poppe
Executive Vice President

August 20, 2012

**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	<u>0.03%</u>
Total Annual Fund Operating Expenses *	<u>1.03%</u>

** 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 were 1.00%.*

Shareholder Expense Example

As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2012 to June 30, 2012).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and

an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value January 1, 2012	Ending Account Value June 30, 2012	Expenses Paid During Period* January 1, 2012 to June 30, 2012
Actual	\$1,000	\$1,052.70	\$5.10
Hypothetical (5% return per year less expenses)	\$1,000	\$1,019.89	\$5.02

** Expenses are equal to the Fund's annualized expense ratio of 1.00%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).*

SECTOR BREAKDOWN (UNAUDITED)

<u>As of June 30, 2012</u>	<u>Percent of Net Assets</u>
U.S. Government Obligations	17.88
Retailing	11.81
Healthcare	11.27
Diversified Companies	10.88
Aerospace/Defense	6.98
Auto Parts	5.69
Industrial & Construction Supplies	5.16
Miscellaneous Securities	4.09
Veterinary Diagnostics	3.58
Flooring Products	3.42
Information Processing	2.36
Internet Software & Services	1.73
IT Consulting and Other Services	1.72
Transportation Services	1.51
Industrial Gases	1.38
Freight Transportation	1.14
Specialty Chemicals	1.00
Other	8.40
	<u>100.00</u>

The table below shows the changes of the Fund's major positions for the period ended June 30, 2012:

<u>Position</u>	<u>% of assets 6/30/2012</u>	<u>% of assets 12/31/2011</u>
Berkshire Hathaway	10.9%	10.0%
Valeant Pharmaceuticals International	9.3%	10.8%
TJX Companies Inc.	8.1%	6.8%
Fastenal Company	5.2%	6.2%
Idexx Laboratories	3.6%	3.3%
Mohawk Industries	3.4%	3.3%
Advance Auto Parts	3.1%	3.6%
Rolls Royce	3.1%	2.9%
Precision Castparts	2.9%	3.2%
O'Reilly Automotive	2.6%	2.7%
	<u>52.2%</u>	<u>52.8%</u>

SEQUOIA FUND, INC.
Schedule of Investments
June 30, 2012 (Unaudited)

COMMON STOCKS (82.12%)

<u>Shares</u>		<u>Value (Note 1)</u>
	ADVERTISING (0.84%)	
933,743	Omnicom Group Inc.	\$ 45,379,910
	AEROSPACE/DEFENSE (6.98%)	
947,406	Precision Castparts Corp.	155,838,813
23,161,200	Qinetiq Group plc (United Kingdom)	56,976,552
12,376,114	Rolls-Royce Group plc (United Kingdom)	166,297,844
		<u>379,113,209</u>
	AUTO PARTS (5.69%)	
2,500,000	Advance Auto Parts, Inc.	170,550,000
1,656,139	O'Reilly Automotive Inc. *	138,734,764
		<u>309,284,764</u>
	BIOTECHNOLOGY (0.99%)	
2,076,100	Novozymes A/S – B Shares (Denmark)	53,642,272
	CONSTRUCTION EQUIPMENT (0.59%)	
1,520,736	Ritchie Bros. Auctioneers Incorporated	32,315,640
	CRUDE OIL & GAS PRODUCTION (0.09%)	
179,508	Canadian Natural Resources Limited	4,819,790
	DIVERSIFIED COMPANIES (10.88%)	
3,238	Berkshire Hathaway Inc. – Class A *	404,571,910
2,234,592	Berkshire Hathaway Inc. – Class B *	186,208,551
		<u>590,780,461</u>
	DIVERSIFIED MANUFACTURING (0.73%)	
765,664	Danaher Corporation	39,875,781
	ELECTRICAL & MECHANICAL SYSTEMS (0.40%)	
775,721	EMCOR Group Inc.	21,580,558
	ELECTRICAL COMPONENTS (0.20%)	
193,321	Amphenol Corporation – Class A	10,617,189
	ELECTRONIC MANUFACTURING SERVICES (0.54%)	
638,349	Trimble Navigation Limited *	29,370,437
	FLOORING PRODUCTS (3.42%)	
2,656,923	Mohawk Industries Inc. *	185,532,933

<u>Shares</u>		<u>Value (Note 1)</u>
	FREIGHT TRANSPORTATION (1.14%)	
216,500	Expeditors International Inc.	\$ 8,389,375
915,200	C.H. Robinson Worldwide, Inc.	53,566,656
		<u>61,956,031</u>
	GLASS TECHNOLOGY (0.72%)	
3,016,800	Corning Inc.	<u>39,007,224</u>
	HEALTHCARE (11.27%)	
418,000	Becton, Dickinson and Company	31,245,500
529,800	Perrigo Company	62,479,314
11,320,000	Valeant Pharmaceuticals International Inc. *	507,022,800
220,657	West Pharmaceutical Services, Inc.	11,140,972
		<u>611,888,586</u>
	INDUSTRIAL & CONSTRUCTION SUPPLIES (5.16%)	
6,950,768	Fastenal Company	<u>280,185,458</u>
	INDUSTRIAL GASES (1.38%)	
688,661	Praxair, Inc.	<u>74,878,111</u>
	INDUSTRIAL MACHINERY (0.96%)	
4,020,749	IMI plc (United Kingdom)	<u>52,358,193</u>
	INFORMATION PROCESSING (2.36%)	
298,457	MasterCard Inc.	<u>128,369,340</u>
	INSURANCE BROKERS (0.56%)	
1,124,830	Brown & Brown Inc.	<u>30,674,114</u>
	INTERNET SOFTWARE & SERVICES (1.73%)	
162,271	Google Inc. – Class A*	<u>94,128,539</u>
	INVESTMENT BANKING & BROKERAGE (0.77%)	
435,000	The Goldman Sachs Group Incorporated	<u>41,699,100</u>
	IT CONSULTING & OTHER SERVICES (1.72%)	
477,000	International Business Machines Corp.	<u>93,291,660</u>
	PROPERTY AND CASUALTY INSURANCE (0.80%)	
31,200	Admiral Group plc (United Kingdom)	582,442
6,237,236	Hiscox Ltd. (United Kingdom)	41,739,583
21,000	Verisk Analytics, Inc. – Class A *	1,034,460
		<u>43,356,485</u>
	RENEWABLE ENERGY (0.15%)	
321,300	First Solar, Inc. *	4,838,778
99,785	SMA Solar Technology AG (Germany)	3,407,658
		<u>8,246,436</u>

<u>Shares</u>		<u>Value (Note 1)</u>
	RETAILING (11.81%)	
39,666	Costco Wholesale Corporation	\$ 3,768,270
1,471,375	Target Corporation	85,619,311
853,000	Tiffany & Co.	45,166,350
10,268,380	TJX Companies, Inc.	440,821,553
949,032	Wal-Mart Stores, Inc.	66,166,511
		<u>641,541,995</u>
	SEMICONDUCTORS (0.06%)	
98,610	Linear Technology Corporation	<u>3,089,451</u>
	SPECIALTY CHEMICALS (1.00%)	
1,534,809	Croda International plc (United Kingdom)	<u>54,395,166</u>
	TRANSPORTATION SERVICES (1.51%)	
2,155,520	World Fuel Services Corp.	<u>81,974,426</u>
	VETERINARY DIAGNOSTICS (3.58%)	
2,022,048	Idexx Laboratories Inc. *	<u>194,379,474</u>
	Miscellaneous Securities (4.09%) (a)	<u>222,185,820</u>
	TOTAL COMMON STOCKS	
	(Cost \$2,434,261,810)	<u>\$4,459,918,553</u>

U.S. GOVERNMENT OBLIGATIONS (17.88%)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
\$971,000,000	U.S. Treasury Bills, 0.041% due 7/19/2012	<u>\$ 970,980,744</u>
	TOTAL U.S. GOVERNMENT OBLIGATIONS (Cost \$970,980,744)	<u>970,980,744</u>
	TOTAL INVESTMENTS (100.00%)(Cost \$ 3,405,242,554) ††	<u>5,430,899,297</u>
	LIABILITIES LESS OTHER ASSETS (0.00%)	<u>(122,722)</u>
	NET ASSETS (100.00%)	<u>\$5,430,776,575</u>

†† The cost for federal income tax purposes is identical.

* Non-income producing.

(a) "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 June 30, 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 June 30, 2012:

<u>Valuation Inputs</u>	<u>Common Stocks</u>	<u>U.S. Government Obligations</u>	<u>Total</u>
Level 1 – Quoted Prices	\$ 4,459,918,553		\$ 4,459,918,553
Level 2 – Other Significant Observable Inputs	—	\$970,980,744	970,980,744
Total	<u>\$ 4,459,918,553</u>	<u>\$970,980,744</u>	<u>\$ 5,430,899,297</u>

The accompanying notes are an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statement of Assets and Liabilities
June 30, 2012 (Unaudited)

ASSETS

Investments in securities, at value (cost \$3,405,242,554) (Note 1)	\$5,430,899,297
Cash on deposit with custodian	2,173,365
Receivable for capital stock sold	1,935,124
Dividends receivable	3,226,645
Other assets	29,335
Total assets	<u>5,438,263,766</u>

LIABILITIES

Payable for capital stock repurchased	1,988,533
Payable for investment securities purchased	972,860
Accrued investment advisory fee	4,348,772
Accrued other expenses	177,026
Total liabilities	<u>7,487,191</u>
Net assets applicable to 35,455,561 shares of capital stock outstanding (Note 4)	<u>\$5,430,776,575</u>
Net asset value, offering price and redemption price per share	<u>\$ 153.17</u>

NET ASSETS CONSIST OF

Capital (par value and paid in surplus) \$.10 par value stock, 100,000,000 shares authorized	\$3,405,181,282
Accumulated net realized losses on investments (Note 5)	(61,450)
Unrealized appreciation	2,025,656,743
Total net assets	<u>\$5,430,776,575</u>

The accompanying notes are an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statement of Operations
Six Months Ended June 30, 2012 (Unaudited)

INVESTMENT INCOME

Income	
Dividends, net of \$880,777 foreign tax withheld	\$ 20,420,086
Interest	129,902
Total income	<u>20,549,988</u>
Expenses	
Investment advisory fee (Note 2)	27,084,296
Legal and auditing fees	90,097
Stockholder servicing agent fees	413,051
Custodian fees	40,000
Directors fees and expenses (Note 6)	140,994
Other	121,562
Total expenses	<u>27,890,000</u>
Less expenses reimbursed by Investment Adviser (Note 2)	735,000
Net expenses	<u>27,155,000</u>
Net investment loss	<u>(6,605,012)</u>

REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS

Realized gain (loss) on	
Investments (Note 3)	18,017,129
Foreign currency transactions	(193,034)
Net realized gain on investments and foreign currencies	<u>17,824,095</u>
Net increase in unrealized appreciation on investments	251,462,554
Net realized and unrealized gain on investments and foreign currencies	<u>269,286,649</u>
Net increase in net assets from operations	<u><u>\$262,681,637</u></u>

The accompanying notes are an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statements of Changes in Net Assets

	Six Months Ended 6/30/12 (Unaudited)	Year Ended 12/31/11
INCREASE/(DECREASE) IN NET ASSETS		
From operations		
Net investment loss	\$ (6,605,012)	\$ (14,128,658)
Net realized gain on investments and foreign currencies	17,824,095	58,424,859
Net increase in unrealized appreciation on investments	251,462,554	455,228,826
Net increase in net assets from operations	262,681,637	499,525,027
Distributions to shareholders from		
Net realized gains	—	(26,579,640)
Capital share transactions (Note 4)	254,062,671	953,372,241
Total increase	516,744,308	1,426,317,628
NET ASSETS		
Beginning of period	4,914,032,267	3,487,714,639
End of period (including undistributed net investment income of \$0 and \$0, respectively)	\$5,430,776,575	\$4,914,032,267

The accompanying notes are an integral part of these Financial Statements.

SEQUOIA FUND, INC.

Notes to Financial Statements (Unaudited)

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

Sequoia Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment company. The investment objective of the Fund is growth of capital from investments primarily in common stocks and securities convertible into or exchangeable for common stock. The following is a summary of significant accounting policies, consistently followed by the Fund in the preparation of its financial statements.

- A. *Valuation of investments:* Investments are carried at market value or at fair value as determined under the supervision of the Board of Directors. 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 the 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 60 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.

Foreign currencies: Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. 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. Income and expenses are translated into U.S. dollars at the rates of exchange prevailing when accrued. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund’s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

- B. *Accounting for investments:* Investment transactions are accounted for on the trade date and dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Premiums and discounts on fixed income securities are amortized over the life of the respective security. The net realized gain or loss on security transactions is determined for accounting and tax purposes on the specific identification basis.

- C. *Federal income taxes*: It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its stockholders. Therefore, no federal income tax provision is required.
- D. *Use of Estimates*: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- E. *General*: Dividends and distributions are recorded by the Fund on the ex-dividend date.
- F. *Indemnification*: The Fund's officers, directors and agents are indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss thereunder to be remote.

NOTE 2—INVESTMENT ADVISORY CONTRACTS AND PAYMENTS TO INTERESTED PERSONS

The Fund retains Ruane, Cunniff & Goldfarb Inc. as its investment adviser. Ruane, Cunniff & Goldfarb Inc. (the "Investment Adviser") provides the Fund with investment advice, administrative services and facilities.

Under the terms of the Advisory Agreement, the Investment Adviser receives a management fee equal to 1% per annum of the Fund's average daily net asset values. This percentage will not increase or decrease in relation to increases or decreases in the net asset value of the Fund. Under the Advisory Agreement, the Investment Adviser is contractually obligated to reimburse the Fund for the amount, if any, by which the operating expenses of the Fund (including the investment advisory fee) in any year exceed the sum of 1 1/2% of the average daily net asset values of the Fund during such year up to a maximum of \$30,000,000, plus 1% of the average daily net asset values in excess of \$30,000,000. The expenses incurred by the Fund exceeded the percentage limitation during the six months ended June 30, 2012 and the Investment Adviser reimbursed the Fund \$735,000. Such reimbursement is not subject to recoupment by the Investment Adviser.

For the six months ended June 30, 2012, there were no amounts accrued or paid to interested persons, including officers and directors, other than advisory fees of \$27,084,296 to Ruane, Cunniff & Goldfarb Inc. and brokerage commissions of \$182,700 to Ruane, Cunniff & Goldfarb LLC, the Fund's distributor. Certain officers of the Fund are also officers of the Investment Adviser and the Fund's distributor. Ruane, Cunniff & Goldfarb LLC received no compensation from the Fund on the sale of the Fund's capital shares during the six months ended June 30, 2012.

NOTE 3—PORTFOLIO TRANSACTIONS

The aggregate cost of purchases and the proceeds from the sales of securities, excluding U.S. government obligations, for the six months ended June 30, 2012 were \$384,977,396 and \$50,938,701, respectively. Included in proceeds of sales is \$22,709,612 representing the value of securities disposed of in payment of redemptions in-kind, resulting in realized gains of \$18,027,206.

At June 30, 2012 the aggregate gross tax basis unrealized appreciation and depreciation of securities were \$2,133,518,076 and \$107,861,333, respectively.

NOTE 4—CAPITAL STOCK

At June 30, 2012 there were 100,000,000 shares of \$.10 par value capital stock authorized. Transactions in capital stock for the six months ended June 30, 2012 and the year ended December 31, 2011 were as follows:

	2012		2011	
	Shares	Amount	Shares	Amount
Shares sold	3,177,135	\$486,578,188	9,689,248	\$1,352,679,953
Shares issued to stockholders on reinvestment of Net realized gains on investments	—	—	161,791	23,013,168
	<u>3,177,135</u>	<u>486,578,188</u>	<u>9,851,039</u>	<u>1,375,693,121</u>
Shares repurchased	<u>1,495,202</u>	<u>232,515,517</u>	<u>3,054,283</u>	<u>422,320,880</u>
Net increase	<u>1,681,933</u>	<u>\$254,062,671</u>	<u>6,796,756</u>	<u>\$ 953,372,241</u>

NOTE 5—FEDERAL INCOME TAXES

Distributions to shareholders are determined in accordance with federal tax regulations and may differ from those determined for financial statement purposes. To the extent these differences are permanent such amounts are reclassified within the capital accounts based on federal tax regulations. During the six months ended June 30, 2012 permanent differences primarily due to a net investment loss not deductible for tax purposes, realized gains on redemptions in kind not recognized for tax purposes and different book and tax treatment of net realized losses on foreign currency transactions resulted in a net decrease in net accumulated investment loss of \$6,605,012 and undistributed net realized gains on investments of \$17,834,172 with a corresponding increase in paid in surplus of \$11,229,160. These reclassifications had no effect on net assets.

There were no distributions paid during the six months ended June 30, 2012. The tax character of distributions paid during the year ended December 31, 2011 was as follows:

	2011
Distributions paid from Long-term capital gains	<u>\$26,579,640</u>

As of June 30, 2012, the components of distributable earnings on a tax basis were as follows:

Accumulated net realized losses	\$ (61,450)
Unrealized appreciation	<u>2,025,656,743</u>
	<u>\$2,025,595,293</u>

The Fund recognizes the tax benefits or expenses of uncertain tax positions only when the positions are “more likely than not” to be sustained assuming examination by tax authorities. Management has reviewed the Fund’s tax positions taken on federal income tax returns for all open years (tax years ended December 31, 2008 through December 31, 2011) and has concluded that no provision for unrecognized benefits or expenses is required in these financial statements.

NOTE 6—DIRECTORS FEES AND EXPENSES

Directors who are not deemed “interested persons” receive fees of \$10,000 per quarter and \$2,500 for each meeting attended, and are reimbursed for travel and other out-of-pocket disbursements incurred in connection with attending directors meetings. The total of such fees and expenses paid by the Fund to these directors for the six months ended June 30, 2012 was \$140,994.

NOTE 7—INTERIM FINANCIAL STATEMENTS

The interim financial statements have not been examined by the Fund's independent registered public accounting firm and accordingly they do not express an opinion thereon.

NOTE 8—SUBSEQUENT EVENTS

Accounting principles generally accepted in the United States of America require the Fund to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the issuance of these financial statements and has noted no such events.

NOTE 9—FINANCIAL HIGHLIGHTS

	Six Months Ended June 30, 2012 (Unaudited)	Year Ended December 31,				
		2011	2010	2009	2008	2007
Per Share Operating Performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$ 145.50	\$ 129.29	\$ 109.90	\$ 95.27	\$ 139.12	\$ 152.75
Income from investment operations						
Net investment income (loss)	(0.19)	(0.42)	0.00(a)	0.00(a)	0.40	0.46
Net realized and unrealized gains (losses) on investments	7.86	17.45	21.35	14.65	(37.11)	13.48
Total from investment operations	7.67	17.03	21.35	14.65	(36.71)	13.94
Less distributions						
Dividends from net investment income	—	—	—	(0.02)	(0.42)	(0.45)
Distributions from net realized gains	—	(0.82)	(1.65)	(0.00)(a)	(6.72)	(27.12)
Return of capital	—	—	(0.31)	—	—	—
Total distributions	—	(0.82)	(1.96)	(0.02)	(7.14)	(27.57)
Net asset value, end of period	\$ 153.17	\$ 145.50	\$ 129.29	\$ 109.90	\$ 95.27	\$ 139.12
Total Return	5.27%†	13.19%	19.50%	15.38%	(27.03)%	8.40%
Ratios/Supplemental data						
Net assets, end of period (in millions)	\$5,430.8	\$4,914.0	\$3,487.7	\$2,867.8	\$2,486.2	\$3,513.5
Ratio of expenses to average net assets						
Before expense reimbursement	1.03%††	1.03%	1.04%	1.05%	1.04%	1.03%
After expense reimbursement	1.00%††	1.00%	1.00%	1.01%	1.00%	1.00%
Ratio of net investment income (loss) to average net assets						
Ratio of net investment income (loss) to average net assets	(0.24)%††	(0.34)%	(0.00)%	0.01%	0.33%	0.29%
Portfolio turnover rate	1%†	3%	23%	15%	12%	13%

† Not annualized

†† Annualized

(a) Represents less than \$0.01 per share.

Other information (Unaudited)

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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Vinod Ahooja
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C. William Neuhauser
Sharon Osberg
Robert L. Swiggett

OFFICERS

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

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