

Sequoia Fund, Inc.

767 Fifth Avenue, Suite 4701  
New York, NY 10153  
(800) 686-6884

## QUARTERLY REPORT For the Period Ended September 30, 2012

**To the Shareholders of Sequoia Fund, Inc.:**

As of this writing, the Sequoia Fund is up 13.03% year-to-date versus an increase of 14.09% for the S&P 500 Index.

As a result of realized capital losses, we will not have a capital gains distribution during the year ended December 31, 2012. There will be no distribution of ordinary income this calendar year.

Sincerely,



Richard T. Cunniff  
Vice Chairman



Robert D. Goldfarb  
President



David M. Poppe  
Executive Vice President

November 27, 2012

## FUND PERFORMANCE

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

To September 30, 2012	Sequoia Fund	Standard & Poor's 500
3 Months	6.48%	6.35%
9 Months	12.09%	16.44%
1 Year	26.19%	30.20%
5 Years (Annualized)	5.13%	1.05%
10 Years (Annualized)	7.26%	8.01%

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.*

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## 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  
SEPTEMBER 30, 2012 (UNAUDITED)

**COMMON STOCKS (84.05%)**

<u>Shares</u>		<u>Value (a)</u>
	<b>ADVERTISING (0.85%)</b>	
933,743	Omnicom Group Inc. . . . .	\$ 48,143,789
	<b>AEROSPACE/DEFENSE (6.93%)</b>	
947,406	Precision Castparts Corp. . . . .	154,749,296
23,161,200	Qinetiq Group plc (United Kingdom) . . . . .	70,850,111
12,376,114	Rolls-Royce Group plc (United Kingdom) . . . . .	168,414,159
		<u>394,013,566</u>
	<b>AUTO PARTS (5.44%)</b>	
2,500,000	Advance Auto Parts, Inc. . . . .	171,100,000
1,656,139	O'Reilly Automotive Inc. (b) . . . . .	138,486,343
		<u>309,586,343</u>
	<b>BIOTECHNOLOGY (1.01%)</b>	
2,076,100	Novozymes A/S – B Shares (Denmark) . . . . .	57,238,077
	<b>CONSTRUCTION EQUIPMENT (0.51%)</b>	
1,520,736	Ritchie Bros. Auctioneers Incorporated . . . . .	29,243,753
	<b>CRUDE OIL &amp; GAS PRODUCTION (0.10%)</b>	
179,508	Canadian Natural Resources Limited . . . . .	5,527,051
	<b>DIVERSIFIED COMPANIES (11.02%)</b>	
3,238	Berkshire Hathaway Inc. – Class A (b) . . . . .	429,682,600
2,234,592	Berkshire Hathaway Inc. – Class B (b) . . . . .	197,091,014
		<u>626,773,614</u>
	<b>DIVERSIFIED MANUFACTURING (0.74%)</b>	
765,664	Danaher Corporation . . . . .	42,226,370
	<b>ELECTRICAL &amp; MECHANICAL SYSTEMS (0.39%)</b>	
775,721	EMCOR Group Inc. . . . .	22,139,077
	<b>ELECTRICAL COMPONENTS (0.20%)</b>	
193,321	Amphenol Corporation – Class A . . . . .	11,382,741
	<b>ELECTRONIC MANUFACTURING SERVICES (0.53%)</b>	
638,349	Trimble Navigation Limited (b) . . . . .	30,423,713
	<b>FLOORING PRODUCTS (3.74%)</b>	
2,656,923	Mohawk Industries Inc. (b) . . . . .	212,606,978
	<b>FREIGHT TRANSPORTATION (0.14%)</b>	
216,500	Expeditors International Inc. . . . .	7,871,940
	<b>GLASS TECHNOLOGY (0.70%)</b>	
3,016,800	Corning Inc. . . . .	39,670,920
	<b>HEALTHCARE (12.29%)</b>	
529,800	Perrigo Company . . . . .	61,546,866
11,320,000	Valeant Pharmaceuticals International Inc. (b) . . . . .	625,656,400
220,657	West Pharmaceutical Services, Inc. . . . .	11,710,267
		<u>698,913,533</u>

<u>Shares</u>		<u>Value (a)</u>
	<b>INDUSTRIAL &amp; CONSTRUCTION SUPPLIES (5.25%)</b>	
6,950,768	Fastenal Company . . . . .	298,813,516
	<b>INDUSTRIAL GASES (1.26%)</b>	
688,661	Praxair, Inc. . . . .	71,538,105
	<b>INDUSTRIAL MACHINERY (1.03%)</b>	
4,020,749	IMI plc (United Kingdom) . . . . .	58,413,441
	<b>INFORMATION PROCESSING (2.37%)</b>	
298,457	MasterCard Inc. . . . .	134,747,366
	<b>INSURANCE BROKERS (0.52%)</b>	
1,124,830	Brown & Brown Inc. . . . .	29,324,318
	<b>INTERNET SOFTWARE &amp; SERVICES (2.15%)</b>	
162,271	Google Inc. – Class A (b) . . . . .	122,433,470
	<b>INVESTMENT BANKING &amp; BROKERAGE (0.87%)</b>	
435,000	The Goldman Sachs Group Incorporated . . . . .	49,450,800
	<b>IT CONSULTING &amp; OTHER SERVICES (1.74%)</b>	
477,000	International Business Machines Corp. . . . .	98,953,650
	<b>PRECISION INSTRUMENTS (1.23%)</b>	
841,700	Waters Corporation (b) . . . . .	70,138,861
	<b>PROPERTY AND CASUALTY INSURANCE (0.89%)</b>	
31,200	Admiral Group plc (United Kingdom) . . . . .	530,338
6,237,236	Hiscox Ltd. (United Kingdom) . . . . .	48,931,116
21,000	Verisk Analytics, Inc. – Class A (b) . . . . .	999,810
		<u>50,461,264</u>
	<b>RENEWABLE ENERGY (0.18%)</b>	
294,225	First Solar, Inc. (b) . . . . .	6,517,084
99,785	SMA Solar Technology AG (Germany) . . . . .	3,490,180
		<u>10,007,264</u>
	<b>RETAILING (11.96%)</b>	
39,666	Costco Wholesale Corporation . . . . .	3,971,757
1,471,375	Target Corporation . . . . .	93,388,171
853,000	Tiffany & Co. . . . .	52,783,640
10,268,380	TJX Companies, Inc. . . . .	459,920,740
949,032	Wal-Mart Stores, Inc. . . . .	70,038,562
		<u>680,102,870</u>
	<b>SEMICONDUCTORS (0.05%)</b>	
98,610	Linear Technology Corporation . . . . .	3,140,729
	<b>SPECIALTY CHEMICALS (1.06%)</b>	
1,534,809	Croda International plc (United Kingdom) . . . . .	60,078,564
	<b>TRANSPORTATION SERVICES (1.93%)</b>	
3,082,520	World Fuel Services Corp. . . . .	109,768,537

<u>Shares</u>		<u>Value (a)</u>
	<b>VETERINARY DIAGNOSTICS (3.53%)</b>	
2,022,048	Idexx Laboratories Inc. (b) . . . . .	\$ 200,890,469
	Miscellaneous Securities (3.44%) (c) . . . . .	<u>195,911,409</u>
	TOTAL COMMON STOCKS (Cost \$2,406,557,937) . . . . .	<u><u>\$4,779,936,098</u></u>

**U.S. GOVERNMENT OBLIGATIONS (15.79%)**

<u>Principal Amount</u>		<u>Value (a)</u>
\$898,000,000	U.S. Treasury Bills, 0.035% – 0.100% due 10/11/2012 through 11/23/2012 . . . . .	\$ 897,975,491
	TOTAL U.S. GOVERNMENT OBLIGATIONS (COST \$897,975,491). . . . .	<u>\$ 897,975,491</u>
	TOTAL INVESTMENTS (99.84%) (COST \$3,304,533,428) ++ . . . . .	<u><u>\$5,677,911,589</u></u>

**SUMMARY**

Common Stocks . . . . .	84.05%	\$4,779,936,098
U.S. Government Obligations . . . . .	15.79%	897,975,491
Net Cash & Receivables . . . . .	0.16%	<u>9,357,336</u>
Net Assets . . . . .		<u><u>\$5,687,268,925</u></u>
Number of Shares Outstanding . . . . .		<u>34,870,952</u>
Net Asset Value Per Share . . . . .		<u><u>\$ 163.09</u></u>

++ The cost for federal income tax purposes is identical. At September 30, 2012 the aggregate gross tax basis unrealized appreciation and depreciation of securities were \$2,447,568,171 and \$74,190,010, 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 September 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 September 30, 2012:

Valuation Inputs	Common Stocks	U.S. Government Obligations	Total
Level 1 – Quoted Prices	\$4,779,936,098		\$4,779,936,098
Level 2 – Other Significant Observable Inputs	—	\$897,975,491	897,975,491
Total	\$4,779,936,098	\$897,975,491	\$5,677,911,589

#### **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](http://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](http://www.sec.gov) or by calling DST Systems, Inc. at (800) 686-6884.

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**New York, New York 10153-4798**  
**(800) 686-6884**  
**Website: [www.sequoiafund.com](http://www.sequoiafund.com)**

**DIRECTORS**

Richard T. Cunniff  
Robert D. Goldfarb  
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**

Ruane, Cunniff & Goldfarb Inc.  
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**REGISTRAR AND SHAREHOLDER SERVICING AGENT**

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**LEGAL COUNSEL**

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