

Ruane, Cunniff & Goldfarb Inc.

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March 23, 2016

Dear Shareholder,

After an extraordinary 45-year career in investing, Bob Goldfarb, our Chief Executive Officer and Sequoia Fund co-manager, is retiring. David Poppe, who has served as the co-manager of Sequoia for the past 10 years alongside Bob, will replace him as Ruane, Cunniff & Goldfarb's CEO and will now serve as the lead manager of Sequoia, as part of an investment process that will showcase the talents of one of the best research teams in our industry. The board of Sequoia Fund fully supports these changes.

A uniquely brilliant student of business, Bob played an important and valued role in producing the outstanding long-term investing record of which we now become the stewards. Over 45 years through the end of 2015, Sequoia Fund has returned 14.0% per annum versus 10.8% for the S&P 500 index, with \$10,000 invested at Sequoia's inception worth \$3.9 million, versus \$1.0 million for the same amount invested in the index. Over the last twenty years, we have returned 10.2% per annum, versus 8.2% per annum for the index. Perhaps most meaningfully, over the 36 rolling ten-year periods since inception, Sequoia has only underperformed the index twice— for the decade ended 1994 and the decade ended 1999.

We owe these achievements to immense talents like Bill Ruane, Rick Cunniff and Bob Goldfarb, but we believe that we owe our success first and foremost to a simple but powerful strategy: The careful selection of a focused portfolio comprised of intensively researched investments, purchased with a margin of safety. While we have beaten the market over the past decade, through the end of 2015, our investment in Valeant has diminished a record that we have built over two generations and in which we take great pride. We are a loyal, dedicated and intensely driven group, and to the extent that we have lost any of our investors' confidence, we are determined to win it back.

While our commitment to a value-oriented strategy grounded in extensive primary research remains as strong as ever, the Valeant experience has spurred a period of reflection. Going forward, we have resolved to take a more collaborative approach to constructing the portfolio that will feature a more significant role for our senior analysts, including Greg Alexander, Jonathan Brandt, Arman Gokgol-Kline, John Harris, Trevor Magyar, Terence Paré, David Poppe, Chase Sheridan and Greg Steinmetz. Our team boasts a combined tenure at Ruane Cunniff of more than 125 years, and several members have successfully managed significant sums of client capital for more than a combined 50 years.

As we have noted many times over our history, it is inevitable that from time to time, our concentrated approach to portfolio construction will cause us to diverge from the market averages. In 1999, Sequoia underperformed the S&P index by 37 percentage points. Over 1972 and 1973, we underperformed by 23 percentage points. Though past performance is obviously no guarantee of future results, and though different factors admittedly drove each of these rough patches, we have every expectation that we will recover from this one by staying focused on our core principles of outstanding investment research, thoughtful security selection and stringent price discipline.

We are grateful for your patience during a disappointing period. We are profoundly fortunate to have attracted over the years a client and shareholder base possessed of a uniquely long-term perspective that aligns with our own. We realize we have a special relationship with our investors that is unusual in the investment industry. We have earned it by delivering strong investment results over a long period, and we are confident that we will continue to prove ourselves worthy of it in the future.

We think often about our founders Bill Ruane and Rick Cunniff—their values, their achievements and their legacy. The challenge of living up to the example they set for us is a constant one that we embrace, and as we take it up under the next generation of our firm's leadership, we find ourselves energized.

If you have any questions, please call our Director of Client Services Jonathan D. Gross at 212-832-5280.

Sincerely,

A handwritten signature in black ink, appearing to read "D. M. Poppe". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David M. Poppe and the Ruane, Cunniff & Goldfarb Team

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 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.

Sequoia Fund's results for the quarter and year ended December 31, 2015 appear below with comparable results for the S&P 500 Index:

To December 31, 2015	<u>Sequoia Fund</u>	<u>S&P 500 Index*</u>
1 Year	-7.31 %	1.38 %
5 Years (Annualized)	11.93%	12.57%
10 Years (Annualized)	7.58 %	7.31 %

The numbers shown above represent past performance and do 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. Future performance may be lower or higher than the performance information shown. The performance data quoted represents past performance and assumes reinvestment of distributions.

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment):

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" or the "Adviser") 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, 2014, the Fund's annual operating expenses and investment advisory fee, net of such reimbursement, were 1.00% and 0.97%, respectively.

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.

**The S&P 500 Index is an unmanaged capitalization-weighted index of the common stocks of 500 major US corporations.*