



March 9, 2026

Dear Shareholders:

During our more than 55 years in business, Ruane Cunniff has navigated many trends and shifts in the asset management industry. Most have proven either incremental or transitory, and in those instances, we have stayed the course, remaining focused on what we believe truly matters: disciplined research, long-term thinking, and caring for shareholder capital as if it were our own. Occasionally, however, an industry-level development arises that warrants action because it offers a clear and compelling benefit to our shareholders.

We have come to believe that the rise and broad acceptance of actively-managed exchange-traded funds (“active ETFs”) is such a development. Thus, after very careful deliberation, we have decided to offer our Sequoia strategy through an active ETF (the “Sequoia ETF”). This new Sequoia ETF has been established to receive the portfolio assets of Sequoia Fund, Inc., our registered mutual fund, pending a successful shareholder vote.

One of the primary reasons we are pursuing this change is that the ETF structure provides potentially significant tax advantages for taxable shareholders. Once the reorganization is complete, taxable investors in the Sequoia ETF should be able to defer the realization of all—or nearly all—taxable gains for as long as they maintain their investment in the ETF. While the “plumbing” of the ETF structure is complicated, the upshot of it is that from an individual taxpayer perspective, an investment in an ETF behaves for tax purposes almost like an investment in an individual stock, where with a few potential exceptions, you are only liable for capital gain taxes when you sell shares in the ETF at a price higher than your tax basis. The ETF structure permits us to rely on tax rules that result in lower potential distributable capital gains. With the ETF, our goal is to substantially reduce the creation of annual capital gains tax liabilities, allowing long-term investors to defer taxes more effectively.

While the process of executing the reorganization of our mutual fund into the ETF structure is complex, we will handle the heavy lifting to ensure the transition is as seamless as possible for you. Most importantly, while the “wrapper” around our portfolios is changing, our investment philosophy and process that we have employed since 1970 is not changing at all.

We are including below a summary of our key considerations in making this decision, especially with respect to how they affect our shareholders’ experience. This letter is the first step in our effort to ensure you have the information and resources needed to evaluate this change thoughtfully. More detailed information, including a Frequently Asked Questions page, will be available on our website in the coming weeks, and our client team is available to assist with any questions.

We expect the reorganization to take place in early September. This change requires a shareholder vote that is expected to be held in late July, following a proxy process starting in late May. You will receive a Combined Proxy Statement/Prospectus that more fully explains the reorganization, the differences between a mutual fund and an ETF, and the risks associated with ETFs generally. You will also receive more information on the proxy process, including the date of the shareholder vote, instructions on how to submit your proxy vote, and the target reorganization date, which will follow in the coming weeks in a letter from Sequoia Fund, Inc. Please note that it is extremely important that shareholders vote in the proxy process, no matter how large or small your holdings may be. We have employed the services of EQ Fund Solutions, LLC to gather proxy votes. They are excellent at what they do, but we recognize that their emails and phone calls can be bothersome. The easiest way to get them to stop calling is to submit your proxy vote.



What Is Changing

- The structure or “wrapper” through which we offer our Sequoia strategy

What Is Not Changing

- The Sequoia model portfolio, which will be provided efficiently and uniformly to all the ETF shareholders. The underlying securities in the Sequoia model portfolio will not change in any meaningful way as a result of the conversion
- The commitment to concentrated, long-term business ownership based on exhaustive research and disciplined attention to business value that defines our investment philosophy
- The culture of open, honest, and collegial debate that drives our investment process
- Our objective of outperforming markets over the long term
- Our commitment to communicating plainly with you about our successes and failures, through our quarterly videos, year-end letters, and new website, which will have the Sequoia ETF’s holdings listed daily
- Our client team’s availability to support and inform you as our partners in the investing journey

Potential Benefits of the Reorganization

Tax-Free Event: The reorganization of the mutual fund to an ETF is expected to qualify as a tax-free event for U.S. federal income tax purposes. In connection with the reorganization, your shares of Sequoia Fund will be exchanged for shares of equal value of the new ETF, with cash being received in lieu of fractional shares. Your new ETF shares will inherit the tax basis of your mutual fund investment.

Control Over Capital Gain Recognition: In the current mutual fund structure, you recognize capital gains whenever we decide to sell an appreciated holding in the portfolio. In an ETF structure, we expect that in most cases, we will make changes to the composition of the ETF portfolio via in-kind transactions with Authorized Participants that help manage the creation and redemption of ETF shares. While we realize this is a complicated dynamic to digest involving a lot of jargon, the important point is that these in-kind portfolio transactions would not trigger capital gains tax for you. In the ETF structure, the vast majority of capital gains recognition—and potentially all capital gains recognition—comes when *you* decide to sell the ETF, putting *you* firmly in control of the tax consequences of your investment activities with Sequoia Fund.

Uninterrupted Compounding: By avoiding capital gains tax upon reorganizing to the Sequoia ETF, 100% of the current value of your investments continues to compound. Likewise, as noted above, after the reorganization you are unlikely to incur significant capital gains tax from any actions we take to adjust the underlying holdings in the ETF portfolio. This enables your investment to continue to compound tax-free, or nearly tax-free, for as long as you hold your shares in the ETF.

Simplified Access: An ETF trades on an exchange like a stock and can be bought and sold during the day as an individual stock would.

Estate Planning: If ETF shares are held long-term and later transferred as part of an estate, beneficiaries generally receive a step-up in basis, again much as would be the case with a holding of an individual stock. The step-up in basis in the ETF will likely be much larger than if you held the exact same portfolio in a mutual fund, as the ETF in-kind process effectively holds your cost basis down (due to no/little expected capital gains recognition) while your portfolio value compounds over time.



Important Differences

ETFs are different, and there are a few things you should know up front:

- ETF shares trade in a secondary market at market determined prices, which may differ from the NAV.
- ETF shareholders may be charged fees and commissions by their brokers when transacting in ETF shares.
- Some types of brokerage accounts generally cannot hold ETF shares.
- There are risks inherent in the ETF structure itself, and they are described in the ETF’s prospectus. The ETF’s prospectus is not yet effective, but it will be effective and available for your review before the conversion takes place.

Important Considerations

Brokerage Account: Shareholders will need brokerage accounts with the ability to transact in ETF shares in connection with the reorganization. If your Sequoia Fund shares are not already held in an eligible brokerage account, they will need to be transferred into an eligible brokerage account in advance of the reorganization. Shareholders that own the fund through an intermediary (e.g. Schwab, Fidelity, etc.) should confirm that their existing account is eligible to hold ETF shares. Shareholders that own shares directly will need to make arrangements to transfer their shares into an eligible brokerage account. The team at SS&C (833-303-5010) and at Ruane Cunniff (212-832-5280) are available to help shareholders navigate this process as necessary.

Deferral, not elimination: It's worth noting that this conversion defers your tax obligation rather than eliminating it. Taxes will apply when ETF shares are eventually sold at a gain, though a step-up in basis at death may reduce or eliminate that liability for your heirs.

The ETF will have its own website: One of the requirements of launching an ETF is that it has its own website with disclosures as mandated by the SEC. This will go live once the Sequoia ETF is available for trading and will also be accessible from the Ruane Cunniff website.

The reorganization will involve some “friction”: In order to ensure a smooth transition to the ETF, the last date to purchase Sequoia Fund shares is expected to be August 29. The last date to sell Sequoia Fund shares could be that date or a later date, which is tied more closely to the closing.

The tax rules may change: The advantages of the ETF structure are predicated on current IRS rules, which are subject to change. Despite this risk, we have high confidence that the ETF structure will retain its tax advantages over time, in no small part because it has now been adopted by such a large swath of the investing—and voting—public. If we didn’t have such high confidence, we would not be making this change. Confidence however is not the same thing as certainty, and one can never guarantee that even popular tax laws will not change. We thus encourage you to carefully review all of the information we make available regarding the proposed conversion, and we also encourage you to consult third-party advisers as appropriate to help you decide whether participation makes sense for you. We will remain in touch with additional details as the conversion process progresses.

Additional information: Please see the [supplement](https://www.sec.gov/Archives/edgar/data/89043/000091957426001529/d12086927_497.htm) (https://www.sec.gov/Archives/edgar/data/89043/000091957426001529/d12086927_497.htm), filed with the SEC on March 9, 2026, which highlights further considerations you should review regarding the proposed ETF conversion.

Sincerely,

The Ruane Cunniff Investment Committee

Arman Gökgöl-Kline

John Harris

Trevor Magyar



Disclosures: An investor should consider the investment objectives, risks, and charges and expenses of the Sequoia ETF carefully before investing. The Sequoia ETF's prospectus contains this and other information about the Sequoia ETF. An investor may obtain the prospectus by [clicking here](https://www.sec.gov/Archives/edgar/data/1518042/000158064226001638/sequoia485a.htm) (<https://www.sec.gov/Archives/edgar/data/1518042/000158064226001638/sequoia485a.htm>). The prospectus should be read carefully before investing. The information in the Sequoia ETF prospectus is not complete and may be changed. The Sequoia ETF may not sell its shares until the registration statement filed with the SEC is effective. The prospectus is not an offer to sell the shares and is not soliciting an offer to buy the shares in any state where the offer or sale is not permitted.