

SunAmerica Focused Alpha Growth Fund, Inc.  
Form N-CSRS  
September 05, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-CSR  
CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21770

**SunAmerica Focused Alpha Growth Fund, Inc.**

(Exact name of registrant as specified in charter)

Harborside Financial Center, 3200 Plaza 5 Jersey City, NJ

07311

(Address of principal executive offices)

(Zip code)

John T. Genoy  
Senior Vice President  
AIG SunAmerica Asset Management Corp.  
Harborside Financial Center,  
3200 Plaza 5  
Jersey City, NJ 07311

(Name and address of agent for service)

Registrant's telephone number, including area code: (201) 324-6414

Date of fiscal year end: December 31

Date of reporting period: June 30, 2008

Item 1. Reports to Stockholders

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June 30, 2008

SEMI-ANNUAL REPORT

**SUNAMERICA FOCUSED ALPHA GROWTH FUND, INC.**

**SunAmerica Focused Alpha Growth Fund (FGF)**

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**Table of Contents**

<b>SHAREHOLDERS LETTER</b>	
1	
<b>STATEMENT OF ASSETS AND LIABILITIES</b>	
3	
<b>STATEMENT OF OPERATIONS</b>	
4	
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	
5	
<b>FINANCIAL HIGHLIGHTS</b>	
6	
<b>PORTFOLIO OF INVESTMENTS</b>	
7	
<b>NOTES TO FINANCIAL STATEMENTS</b>	
9	
<b>DIVIDEND REINVEST AND CASH PURCHASE PLAN</b>	
14	
<b>RESULTS OF ANNUAL SHAREHOLDER MEETING</b>	
15	

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June 30, 2008

SEMI-ANNUAL REPORT

**Shareholders Letter**

Dear Shareholders:

We are pleased to present the semi-annual report for the SunAmerica Focused Alpha Growth Fund (the Fund) and thank you for including this strategic investment solution in your investment plan.

In the 6 months ended June 30, 2008, the Fund's Net Asset Value (NAV) returned -13.23%, underperforming its benchmark, the Russell 3000 Growth Index<sup>1</sup>, which returned -9.04% for the same period. The Fund's market price returned -13.39% during the same period. As of June 30, 2008, the Fund's NAV was \$17.56 and its market price was \$15.68.

Equity returns experienced a roller coaster ride during the first six months of 2008. The S&P 500 Index had its worst June since 1930 and several major market indices had either reached, or were approaching, 20% declines from their peak levels in late 2007.

Two story lines affected the markets in the first half of the year – record high prices for energy and commodities and continued problems in the credit and housing markets. Market declines from mid-May mirrored the increases in the price of oil. Strains in the capital markets together with record declines in residential housing markets in the U.S. put added pressure on the equity market during the period.

Profit growth among sectors varied greatly over the past six months. For instance, earnings advances during the six-month period were recorded for healthcare, energy, technology, and utility sectors, among others, while losses occurred for financials, cyclical-linked materials, and consumer discretionary stocks. Small-cap companies fared better than their large capitalization counterparts by nearly 200 basis points (based on the Russell 2000 Index<sup>3</sup> and Russell 1000 Index<sup>4</sup> performance). Within the large capitalization arena, growth topped value.

Fixed income markets were volatile in the first half of 2008. Long-term interest rates, as represented by the 10-year U.S. Treasury Note, ended June yielding 3.98%, nearly in line with where they started the year, but well below peak levels reached during the second quarter. A flight to the safe-harbor of U.S. Treasuries, and moves by investors – especially financial institutions – to de-leverage limited liquidity, put downward pressure on prices.

The Fund invests in what its managers believe are well-managed companies with strong fundamentals, established business models and growth potential. What sets the Fund apart is that it brings together two of Wall Street's best known equity managers, blending large and small/mid-cap growth investing. Marsico Capital Management LLC ( Marsico ) and BAMCO Inc. ( BAMCO ) each contribute their favorite stock picks to the portfolio. Tom Marsico emphasizes large-cap growth investing while BAMCO's Ron Baron and his team focus on small/mid-cap growth opportunities.

We value your ongoing confidence in us and look forward to serving your investment needs in the future.

Sincerely,

Peter A. Harbeck



President and CEO  
AIG SunAmerica Asset Management Corp.

- <sup>1</sup> The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index consists of the 3,000 largest U.S. companies based on total market capitalization.
- <sup>2</sup> The S&P 500 is the Standard & Poor's 500 composite Stock Price Index, a widely recognized, unmanaged index of common stock prices.
- <sup>3</sup> The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
- <sup>4</sup> The Russell 1000 Index offers investors access to the extensive large-cap segment of the U.S. equity universe representing approximately 92% of the U.S. market. The Russell 1000 is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected. The Russell 1000 includes the largest 1000 securities in the Russell 3000.

Indices are not managed and an investor cannot invest directly into an index.

**Shareholders Letter** *(continued)*

Investors should carefully consider the SunAmerica Focused Alpha Growth Fund's investment objective, strategies, risks, charges and expenses before investing. The SunAmerica Focused Alpha Growth Fund should be considered as only one element of a complete investment program. The Fund's equity exposure and derivative investments involve special risks. An investment in this Fund should be considered speculative. There is no assurance that the SunAmerica Focused Alpha Growth Fund will achieve its investment objectives. The Fund is actively managed and its portfolio composition will vary. Investing in the Fund is subject to several risks, including: Non-Diversified Status Risk, Growth and Value Stock Risk, Key Adviser Personnel Risk, Investment and Market Risk, Issuer Risk, Foreign Securities Risk, Emerging Markets Risk, Income Risk, Hedging Strategy Risk, Derivatives Risk, Preferred Securities Risk, Debt Securities Risk, Small and Medium Capitalization Company Risk, Leverage Risk, Liquidity Risk, Market Price of Shares Risk, Management Risk, Anti-Takeover Provisions Risk, Portfolio Turnover Risk and Non-Investment Grade Securities Risk. The price of shares of the Fund traded on the New York Stock Exchange will fluctuate with market conditions and may be worth more or less than their original offering price. Shares of closed-end funds often trade at a discount to their net asset value, but may also trade at a premium.

2

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**SunAmerica Focused Alpha Growth Fund, Inc.**  
**STATEMENT OF ASSETS AND LIABILITIES** *June 30, 2008 (unaudited)*

**ASSETS:**

Long-term investment securities, at  
market value (unaffiliated)\*

\$346,548,483

Short-term investment securities, at  
market value (unaffiliated)\*

11,125,000

Total investments

357,673,483

Cash

832

Receivable for:

Dividends and interest

127,501

Prepaid expenses and other assets

4,672

Total assets

357,806,488

**LIABILITIES:**

Payable for:

Investment advisory and management  
fees

316,350

Director's fees and expenses

916

Administration fees

12,652

Other accrued expenses

85,891

Total liabilities

415,809

Net Assets

\$357,390,679

**NET ASSETS REPRESENTED BY:**

Common stock, \$0.001 par value  
(200,000,000 shares authorized)

\$20,355

Additional paid-in capital

335,594,155      335,614,510

Accumulated undistributed net

investment income (loss) (unaffiliated)

(610,353)  
Accumulated undistributed net realized  
gain (loss) on investments (unaffiliated)  
119,442  
Unrealized appreciation (depreciation) on  
investments (unaffiliated)  
22,267,080  
Net Assets  
\$357,390,679

**NET ASSET VALUES**

Net assets  
\$357,390,679  
Shares outstanding  
20,355,236  
Net asset value per share  
\$17.56  
\*Cost

Long-term investment securities  
(unaffiliated)  
\$324,281,403  
Short-term investment securities  
(unaffiliated)  
\$11,125,000

See Notes to Financial Statements

**SunAmerica Focused Alpha Growth Fund, Inc.**

**STATEMENT OF OPERATIONS** *For the six months ended June 30, 2008 (unaudited)*

**INVESTMENT INCOME:**

Dividends (unaffiliated)  
\$1,395,207  
Interest (unaffiliated)  
151,719  
Total investment income  
1,546,926

**EXPENSES:**

Investment advisory and  
management fees  
1,902,496  
Administration fees  
76,100  
Transfer agent fees and expenses  
10,537  
Custodian and accounting fees  
51,347  
Reports to shareholders  
20,393  
Audit and tax fees  
18,922  
Legal fees  
34,894  
Directors' fees and expenses  
27,359  
Other expenses  
20,060  
Total expenses before custody  
credits  
2,162,108  
Custody credits earned on cash  
balances  
(747)  
Fees paid indirectly (Note 4)  
(4,082)  
Net expenses  
2,157,279  
Net investment income (loss)  
(610,353)

**NET REALIZED AND  
UNREALIZED GAIN (LOSS) ON  
INVESTMENTS AND FOREIGN  
CURRENCIES:**

Net realized gain (loss) on  
investments (unaffiliated)  
161,773  
Change in unrealized appreciation  
(depreciation) on investments  
(unaffiliated)  
(56,188,770)  
Net realized and unrealized gain  
(loss) on investments and foreign  
currencies  
(56,026,997)  
**NET INCREASE**  
**(DECREASE) IN NET ASSETS**  
**RESULTING FROM**  
**OPERATIONS**  
\$(56,637,350)

See Notes to Financial Statements

**SunAmerica Focused Alpha Growth Fund, Inc.**  
**STATEMENT OF CHANGES IN NET ASSETS**

	<b>For the Six Months Ended June 30, 2008 (unaudited)</b>	<b>For the Year Ended December 31, 2007</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>Operations:</b>		
Net investment income (loss)	\$(610,353)	\$146,614
Net realized gain (loss) on investments and foreign currencies	161,773	51,519,519
Net unrealized gain (loss) on investments and foreign currencies	(56,188,770)	2,651,096
Net increase (decrease) in net assets resulting from operations	(56,637,350)	54,317,229
<b>Distributions to shareholders from:</b>		
Net investment income	*	(146,536)
Net realized gain on investments	*	(51,561,928)
Return of capital	(14,248,665)*	(15,667,367)
Total distributions to shareholders	(14,248,665)	(67,375,831)
<b>Total increase (decrease) in net assets</b>	<b>(70,886,015)</b>	<b>(13,058,602)</b>
<b>NET ASSETS:</b>		
Beginning of period	428,276,694	441,335,296
End of period	\$357,390,679	\$428,276,694

Includes accumulated undistributed net investment income (loss)

\$(610,353) \$

\* Amounts estimated are for net investment income, net realized short-term capital gains and return of capital as of June 30, 2008, and are subject to change and recharacterization at fiscal year end.

See Notes to Financial Statements



**SunAmerica Focused Alpha Growth Fund, Inc.**  
**FINANCIAL HIGHLIGHTS**

	<b>For the Six Months Ended June 30, 2008 (unaudited)</b>	<b>For the Year Ended December 31, 2007</b>	<b>For the Year Ended December 2006</b>	<b>For the Period July 29, 2005 through December 31, 2005</b>
<b>Net Asset Value, Beginning of period</b>	\$ 21.04	\$ 21.68	\$ 19.59	\$ 19.10(1)
<b>Investment Operations:</b>				
Net investment income (loss)@	(0.03)	0.01	0.01	(0.02)
Net realized and unrealized gain (loss) on investments	(2.75)	2.66	3.28	1.05
Total from investment operations	(2.78)	2.67	3.29	1.03
<b>Distributions From:</b>				
Net investment income		* (0.01)	(0.01)	
Net realized gains on investments		* (2.53)	(0.62)	
Return of capital	(0.70)*	(0.77)	(0.57)	(0.50)
Total distributions	(0.70)*	(3.31)	(1.20)	(0.50)
<b>Capital Share Transactions:</b>				
Offering costs for common shares charged to additional paid-in capital		(0.04)		
<b>Net Asset Value, End of period</b>	\$17.56	\$21.04	\$21.68	\$19.59
<b>Net Asset Value Total Return(2)#</b>	(13.23)%	12.67%	17.37%	5.27%
<b>Market Value, End of period</b>	\$15.68	\$18.92	\$19.74	\$17.03
<b>Market Value Total Return(3)#</b>	(13.39)%	13.20%	23.65%	(12.42)%
<b>Ratios/ Supplemental Data:</b>				
Net Assets, end of period (\$000 s)				

\$357,391	\$428,277	\$441,335	\$398,807
Ratio of expenses to average net assets(4)			
1.15%	1.14%	1.16%	1.17%
Ratio of net investment income (loss) to average net assets(4)			
(0.33)%	0.03%	0.04%	(0.28)%
Portfolio turnover rate			
50%	51%	55%	28%

Commencement of operations

@ Calculated based upon average shares outstanding

\* Amounts estimated are for net investment income, net realized short-term capital gains and return of capital as of June 30, 2008, and are subject to change and recharacterization at fiscal year end.

# Total return is not annualized.  
Annualized

- (1) Net asset value, beginning of period, reflects a deduction of \$0.90 per share sales charge from the initial offering price of \$20.00.
- (2) Based on net asset value per share, dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. NAV performance reflects performance without imposition of initial sales charge in connection with the initial public offering of the Fund and would be lower if included.
- (3) Based on market value per share, dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan.
- (4) Excludes expense reductions. If expense reductions had been applied, the ratio of expenses and net investment income to average net assets would have remained the same.

See Notes to Financial Statements

**SunAmerica Focused Alpha Growth Fund, Inc.**  
**PORTFOLIO PROFILE** *June 30, 2008 (unaudited)*

**Industry Allocation\***

Aerospace/ Defense	12.1%
Oil Companies-Exploration & Production	10.6
Agricultural Chemicals	7.0
Transport-Rail	6.8
Retail-Restaurants	6.1
Web Portals/ ISP	5.8
Commercial Services-Finance	5.8
Computers	5.5
Oil-Field Services	4.7
Schools	3.7
Soap & Cleaning Preparation	3.2
Time Deposit	3.1
Electric-Transmission	3.1
Casino Hotels	2.6
Retail-Sporting Goods	2.5
Transport-Services	2.4
Medical Instruments	2.4
Casino Services	1.7
Internet Content-Information/ News	1.6
Retail-Automobile	1.5
Finance-Investment Banker/ Broker	1.4
Investment Management/ Advisor Services	1.3

Retail-Apparel/ Shoe

1.1

Real Estate Management/ Services

1.1

Building-Residential/ Commercial

1.0

Decision Support Software

1.0

Distribution/ Wholesale

1.0 100.1%

\* Calculated as a percentage of net assets

7

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**SunAmerica Focused Alpha Growth Fund, Inc.**  
**PORTFOLIO OF INVESTMENTS** *June 30, 2008 (unaudited)*

<b>Security Description</b>	<b>Shares</b>	<b>Market Value (Note 2)</b>
<b>COMMON STOCK 97.0%</b>		
<b>Aerospace/ Defense 12.1%</b>		
General Dynamics Corp.		
257,853		\$21,711,223
Lockheed Martin Corp.		
219,014	21,607,921	43,319,144
<b>Agricultural Chemicals 7.0%</b>		
Monsanto Co.		
196,667		24,866,576
<b>Building-Residential/ Commercial 1.0%</b>		
Toll Brothers, Inc.		
200,000		3,746,000
<b>Casino Hotels 2.6%</b>		
Wynn Resorts, Ltd.		
115,000		9,355,250
<b>Casino Services 1.7%</b>		
Scientific Games Corp., Class A		
200,000		5,924,000
<b>Commercial Services-Finance 5.8%</b>		
Mastercard, Inc., Class A		
77,444		20,562,931
<b>Computers 5.5%</b>		
Apple, Inc.		
118,396		19,824,226
<b>Decision Support Software 1.0%</b>		
MSCI, Inc.		
100,000		3,629,000
<b>Distribution/ Wholesale 1.0%</b>		
Fastenal Co.		
80,000		3,452,800
<b>Electric-Transmission 3.1%</b>		

ITC Holdings Corp.  
215,000 10,988,650

**Finance-Investment Banker/ Broker 1.4%**

Jefferies Group, Inc.  
300,000 5,046,000

**Internet Content-Information/ News 1.6%**

HLTH Corp.  
510,000 5,773,200 **Investment Management/  
Advisor Services 1.3%**

Cohen & Steers, Inc.  
180,000 4,674,600

**Medical Instruments 2.4%**

Edwards Lifesciences Corp.  
136,800 8,487,072 **Oil Companies-Exploration &  
Production 10.6%**

Encore Acquisition Co.  
200,000 15,038,000

XTO Energy, Inc.  
333,201 22,827,601 37,865,601

**Oil-Field Services 4.7%**

Transocean, Inc.  
110,800 16,884,812

Security Description	Shares/ Principal Amount	Market Value (Note 2)
<b>Real Estate Management/ Services 1.1%</b>		
CB Richard Ellis Group, Inc., Class A 200,000 3,840,000		
<b>Retail-Apparel/ Shoe 1.1%</b>		
Under Armour, Inc., Class A 155,105 3,976,892		
<b>Retail-Automobile 1.5%</b>		
CarMax, Inc. 380,000 5,392,200		
<b>Retail-Restaurants 6.1%</b>		
McDonald's Corp. 386,906 21,751,855		
<b>Retail-Sporting Goods 2.5%</b>		

Dick's Sporting Goods, Inc.

500,000 8,870,000

**Schools 3.7%**

DeVry, Inc.

250,000 13,405,000

**Soap & Cleaning Preparation 3.2%**

Church & Dwight Co., Inc.

200,000 11,270,000

**Transport-Rail 6.8%**

Union Pacific Corp.

320,908 24,228,554

**Transport-Services 2.4%**

Expeditors International of Washington, Inc.

200,000 8,600,000

**Web Portals/ ISP 5.8%**

Google, Inc., Class A

39,539 20,814,120

**Total Long-Term Investment Securities**

(cost \$324,281,403)

346,548,483 **SHORT-TERM**

**INVESTMENT SECURITIES 3.1%**

**Time Deposit 3.1%**

Euro Time Deposit with State Street Bank & Trust Co.

1.35% due 07/01/08

(cost \$11,125,000)

\$11,125,000 11,125,000

**TOTAL INVESTMENTS**

(cost \$335,406,403)(1)

100.1% 357,673,483

Liabilities in excess of other assets

(0.1) (282,804)

**NET ASSETS**

**100.0% \$357,390,679**

Non-income producing security

(1) See Note 6 for cost of investments on a tax basis.

See Notes to Financial Statements

**SunAmerica Focused Alpha Growth Fund, Inc.**

**NOTES TO FINANCIAL STATEMENTS June 30, 2008 (unaudited)**

*Note 1. Organization of the Fund*

SunAmerica Focused Alpha Growth Fund, Inc. (the Fund) is a non-diversified closed-end management investment company. The Fund is traded on the New York Stock Exchange ( NYSE ) under the ticker symbol FGF. The Fund was organized as a Maryland corporation on May 18, 2005 and is registered under the Investment Company Act of 1940, as amended, (the 1940 Act ). The Fund sold 5,236 of its common stock shares ( Shares ) on July 18, 2005 to AIG SunAmerica Asset Management Corp. (the Adviser or AIG SunAmerica ), an indirect wholly-owned subsidiary of America International Group, Inc. ( AIG ). Investment operations commenced on July 29, 2005 upon settlement of the sale of 18,500,000 shares in the amount of \$353,350,000 (net of underwriting fees and expenses of \$16,650,000). In addition, on August 25, 2005 and September 13, 2005, respectively, the Fund issued 1,200,000 and 650,000 shares in the amount of \$22,920,000 and \$12,415,000 (net of underwriting fees and expenses of \$1,080,000 and \$585,000) in conjunction with the exercise of the underwriters' over-allotment option. AIG SunAmerica paid certain organizational expenses of the Fund and the offering costs of the Fund to the extent they exceeded \$.04 per share of the Fund's common stock.

The Fund's investment objective is to provide growth of capital. The Fund seeks to pursue this objective by employing a concentrated stock picking strategy in which the Fund, through subadvisers selected by the Adviser, actively invests primarily in a small number of equity securities (i.e., common stocks) and to a lesser extent equity-related securities (i.e., preferred stocks, convertible securities, warrants and rights) primarily in the U.S. markets.

**Indemnifications:** Under the Fund's organizational documents, its officers and directors are indemnified against certain liability arising out of the performance of their duties to the Fund. In addition, in the normal course of business the Fund enters into contracts that may contain the obligation to indemnify others. The Fund's maximum exposure under these arrangements is unknown. Currently, however, the Fund expects the risk of loss to be remote.

*Note 2. Significant Accounting Policies*

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements:

**Security Valuation:** Stocks are generally valued based upon closing sales prices reported on recognized securities exchanges. Stocks listed on the NASDAQ are valued using the NASDAQ Official Closing Price ( NOCP ). Generally, the NOCP will be the last sale price unless the reported trade for the stock is outside the range of the bid/ask price. In such cases, the NOCP will be normalized to the nearer of the bid or ask price. For listed securities having no sales reported and for unlisted securities, such securities will be valued based upon the last reported bid price.

As of the close of regular trading on the NYSE, securities traded primarily on security exchanges outside the U.S. are valued at the last sale price on such exchanges on the day of valuation, or if there is no sale on the day of valuation, at the last-reported bid price. If a security's price is available from more than one exchange, the Fund uses the exchange that is the primary market for the security. However, depending on the foreign market, closing prices may be up to 15 hours old when they are used to price the Fund's shares, and the Fund may determine that certain closing prices are unreliable. This determination will be based on review of a number of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. If the Fund determines



that closing prices do not reflect the fair value of the securities, the Fund will adjust the previous closing prices in accordance with pricing procedures approved by the Board of Directors (the Board or the Directors ) to reflect what it believes to be the fair value of the securities as of the close of regular trading on the NYSE. The Fund may also fair value securities in other situations, for

**SunAmerica Focused Alpha Growth Fund, Inc.**

**NOTES TO FINANCIAL STATEMENTS June 30, 2008 (unaudited) (continued)**

example, when a particular foreign market is closed but the Fund is open. For foreign equity securities, the Fund uses an outside pricing service to provide it with closing market prices and information used for adjusting those prices.

Short-term securities with 60 days or less to maturity are amortized to maturity based on their cost to the Fund if acquired within 60 days of maturity or, if already held by the Fund on the 60th day, are amortized to maturity based on the value determined on the 61st day.

Securities for which market quotations are not readily available or if a development/significant event occurs that may significantly impact the value of the security, then these securities are valued, as determined pursuant to procedures adopted in good faith by the Board of Directors.

**Repurchase Agreements:** For repurchase agreements, the Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. The underlying collateral is valued daily on a mark to market basis to ensure that the value, including accrued interest, is at least 102% of the repurchase price. In the event of default of the obligation to repurchase, a Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2008, the Fund did not enter into any repurchase agreements.

**Securities Transactions, Investment Income, Expenses, Dividends and Distributions to Shareholders:**

Security transactions are recorded on a trade date basis. Realized gains and losses on sales of investments are calculated on the identified cost basis. Interest income is accrued daily except when collection is not expected. Dividend income is recorded on the ex-dividend date except for certain dividends from foreign securities, which are recorded as soon as the Fund is informed after the ex-dividend date. Foreign income and capital gains may be subject to foreign withholding taxes and capital gains taxes at various rates. Under applicable foreign law, a withholding of tax may be imposed on interest, dividends, and capital gains at various rates. Interest earned on cash balances held at the custodian are shown as custody credits on the Statement of Operations.

The Fund has adopted a distribution policy (the *Distribution Policy*) under which the Fund will pay level quarterly dividend distributions, subject to an adjusting dividend distribution in the fourth quarter as described below. The *Distribution Policy* and the dividend distribution rate may be terminated or modified at any time. The Fund intends to pay a level quarterly amount in each of the first three quarters of the calendar year and increase, if necessary, the amount payable for the fourth quarter to an amount expected to satisfy the minimum distribution requirements of the Internal Revenue Code of 1986, as amended (the *Code*), or as necessary to distribute long-term capital gains in a manner consistent with the requirements of the 1940 Act, as amended, whichever is greater. Each quarter the Board will review the amount of any potential dividend distribution and the income, capital gains and capital available. A portion of the dividend distribution may be treated as ordinary income (derived from short-term capital gains) and qualifying dividend income for individuals. If the Fund does not generate earnings from dividends, interest and net realized capital gains equal to or in excess of the aggregate dividend distributions paid by the Fund for the year, then the amount distributed in excess of the Fund's investment income and net realized capital gains may be deemed a tax return of capital. A return of capital represents a return of a shareholder's investment in the Fund and should not be confused with yield, income or profit. As the 1940 Act limits the distribution of long-term capital gains generally to once per year, the Fund expects that it will distribute higher returns of capital than if the Fund were permitted to distribute long-term capital gains more frequently. The Fund presently intends to apply to the Securities and Exchange Commission (the *Commission*) for an exemption to

permit it to distribute long-term capital gains more frequently, subject to applicable representations and conditions. There can be no assurance that any such exemption will be granted. The final determination of the source of all dividend distributions in 2008 will be made after year-end. The payment of dividend distributions in accordance with the Distribution Policy may result in a decrease in the Fund's net assets. A decrease in the Fund's net assets may cause an increase in the Fund's annual operating expenses and a

**SunAmerica Focused Alpha Growth Fund, Inc.**

**NOTES TO FINANCIAL STATEMENTS June 30, 2008 (unaudited) (continued)**

decrease in the Fund's market price per share to the extent the market price correlates closely to the Fund's net asset value per share. The Distribution Policy may also negatively affect the Fund's investment activities to the extent that the Fund is required to hold larger cash positions than it typically would hold or to the extent that the Fund must liquidate securities that it would not have sold or hold securities that it would liquidate, for the purpose of paying the dividend distribution. The Distribution Policy may, under certain circumstances, result in the amounts of taxable distributions to exceed the levels required to be distributed under the Code (*i.e.*, to the extent the Fund has capital losses in any taxable year, such losses may be carried forward to reduce the amount of capital gains required to be distributed in future years if distributions in a year exceed the amount minimally required to be distributed under the tax rules, such excess will be taxable as ordinary income to the extent loss carryforwards reduce the required amount of capital gains in that year). The Fund's Board has the right to amend, suspend or terminate the Distribution Policy at any time. The amendment, suspension or termination of the Dividend Distribution Policy may affect the Fund's market price per share. Shareholders of shares of the Fund held in taxable accounts who receive a dividend distribution (including shareholders who reinvest in shares of the Fund pursuant to the Fund's dividend reinvestment policy) must adjust the cost basis to the extent that a dividend distribution contains a nontaxable return of capital. Investors should consult their tax adviser regarding federal, state and local tax considerations that may be applicable in their particular circumstances.

The Fund intends to comply with the requirements of the Code, applicable to regulated investment companies and distribute all of their taxable income, including any net realized gain on investments, to its shareholders. Therefore, no federal tax provisions are required. The Fund files U.S. federal and certain state income tax returns. With few exceptions, the Fund is no longer subject to U.S. federal and state examinations by tax authorities for tax years ending before 2004.

**New Accounting Pronouncements:** On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. However, Registered Investment Companies are not required to implement FIN 48 until their last net asset value calculation in the first required financial statement reporting period for fiscal years beginning after December 15, 2006. Management has evaluated the implications of FIN 48 and determined there is no impact to the financial statements.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards No. 157, Fair Value Measurements (FAS157). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. FAS157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Various inputs are used in determining the value of the Portfolio'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, quoted prices in inactive markets, etc.)

Level 3 Significant unobservable inputs (including the Portfolios 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.

**11**

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**SunAmerica Focused Alpha Growth Fund, Inc.**

**NOTES TO FINANCIAL STATEMENTS June 30, 2008 (unaudited) (continued)**

The following is a summary of the inputs used to value the Fund's net assets as of June 30, 2008:

<b>Valuation Inputs</b>	<b>Investments in Securities</b>	<b>Other Financial Instruments*</b>
Level 1 Quoted Prices		
\$346,548,483 \$		
Level 2 Other Significant Observable Inputs		
11,125,000		
Level 3 Significant Unobservable Inputs		
Total		
\$357,673,483 \$		

\* Other financial instruments are derivative instruments not reflected in the Portfolio of Investments, such as future, forward, written option and swap contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

**Foreign Currency Translation:** The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities denominated in foreign currencies and commitments under forward foreign currency contracts are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of the valuation. The Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of securities held at the end of the year. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the changes in the market prices of Fund securities sold during the year.

Change in unrealized foreign exchange gains and losses on other assets and liabilities located in the Statement of Operations include foreign exchange gains and losses from currency gains or losses between the trade and settlement dates of securities transactions, the difference between the amounts of interest, dividends and foreign withholding taxes recorded on a Fund's books and the U.S. dollar equivalent amounts actually received or paid and changes in the unrealized foreign exchange gains and losses relating to other assets and liabilities arising as a result of changes in the exchange rate.

*Note 3. Investment Advisory and Management Agreement*

Pursuant to its Investment Advisory and Management Agreement ( *Advisory Agreement* ) with the Fund, AIG SunAmerica manages the affairs of the Fund, and selects, supervises and compensates the subadvisers to manage the Fund's assets. AIG SunAmerica monitors the compliance of the subadvisers with the investment objective and related policies of the Fund, reviews the performance of the subadvisers, and reports periodically on such performance to the Directors. Pursuant to the *Advisory Agreement*, the Fund will pay AIG SunAmerica a monthly fee at the annual rate of 1.00% of the average daily total assets of the Fund.

AIG SunAmerica has engaged Marsico Capital Management, LLC ( *Marsico* ), an independently owned investment management firm as of December 14, 2007, and BAMCO, Inc. ( *BAMCO* ), a wholly-owned subsidiary of Baron Capital Group, Inc., as subadvisers to the Fund (the *Subadvisers* ) to manage the investment and reinvestment of the Fund's assets. Pursuant to the subadvisory agreements ( *Subadvisory Agreements* ) among AIG SunAmerica, the Fund and Marsico and BAMCO, respectively, Marsico and BAMCO select the investments made by the Fund. Marsico manages the large-cap portion of the Fund and is entitled to receive a fee at the annual rate of 0.40% of the Fund's average daily total assets allocated to Marsico. BAMCO manages the small-and mid-cap portion of the

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Fund and is entitled to receive a fee at the annual rate of 0.60% of the Fund's average daily total assets allocated to BAMCO. Each subadviser is paid by AIG SunAmerica and not the Fund.

AIG SunAmerica serves as administrator to the Fund. Under the Administrative Services Agreement, AIG SunAmerica is responsible for performing or supervising the performance by others of administrative services in connection with the operations of the Fund, subject to the supervision of the Fund's Board. AIG SunAmerica will provide the Fund with administrative services, regulatory reporting, all necessary office space, equipment, personnel and facilities for handling the affairs of the Fund. AIG SunAmerica's administrative services include recordkeeping, supervising the activities of the

**12**

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**SunAmerica Focused Alpha Growth Fund, Inc.**

**NOTES TO FINANCIAL STATEMENTS June 30, 2008 (unaudited) (continued)**

Fund's custodian and transfer agent, providing assistance in connection with the Directors' and shareholders' meetings and other administrative services necessary to conduct the Fund's affairs. For its services as administrator, AIG SunAmerica is paid a monthly fee at the annual rate of 0.04% of the Fund's average daily total assets.

*Note 4. Expense Reductions*

Through expense offset arrangements resulting from broker commission recapture, a portion of the expenses of the Fund have been reduced. For the six months ended June 30, 2008, the amount of expense reductions received to offset the Fund's non-affiliated expenses were \$4,082.

*Note 5. Purchases and Sales of Investment Securities*

The cost of purchases and proceeds from sales and maturities of long-term investments during the six months ended June 30, 2008, were as follows:

Purchases (excluding U.S. government securities)	\$182,272,072
Sales and maturities (excluding U.S. government securities)	204,800,135
Purchases of U.S. government securities	
Sales and maturities of U.S. government securities	

*Note 6. Federal Income Taxes*

The following details the tax basis distributions as well as the components of distributable earnings. The tax basis components of distributable earnings may differ from the amounts reflected in the Statement of Assets and Liabilities due to temporary book/tax differences such as wash sales and Post-October losses.

**For the year ended December 31, 2007**

Distributable Earnings			Tax Distributions		
Ordinary Income	Long-term Gains/ Capital and Other Losses	Unrealized Appreciation (Depreciation)	Ordinary Income	Long-Term Capital Gains	Return of Capital
\$	\$	\$ 78,413,520	\$ 7,936,132	\$ 43,772,332	\$ 15,667,367

The amounts of aggregate unrealized gain (loss) and the cost of investment securities for federal tax purposes, including short-term securities were as follows:

Cost (tax basis)	\$335,448,734
Appreciation	42,972,949
Depreciation	(20,748,200)
Net unrealized appreciation (depreciation)	\$22,224,749



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For the year ended December 31, 2007, reclassifications were made to increase accumulated net investment income by \$19,190,859 with an offsetting adjustment to additional paid-in capital and accumulated realized gain in the amount of \$(15,667,367) and \$(3,523,492), respectively. The reclassifications arising from book/tax differences were primarily due to return of capital and distribution reclasses, taxable overdistribution and reclass of foreign currency gain (loss).

*Note 7. Transactions with Affiliates*

For the six months ended June 30, 2008 the Fund incurred no brokerage commissions with an affiliated broker.

*Note 8. Capital Share Transactions*

The authorized capital stock of the Fund is 200,000,000 shares of common stock, \$0.001 par value.

**SunAmerica Focused Alpha Growth Fund, Inc.**

**DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN** *June 30, 2008 (unaudited)*

The Fund has adopted a Dividend Reinvestment and Cash Purchase Plan (the Plan), through which all net investment income dividends and capital gains distributions are paid to Common Stock Shareholders in the form of additional shares of the Fund's Common Stock (plus cash in lieu of any fractional shares which otherwise would have been issuable), unless a Common Stock Shareholder elects to receive cash as provided below. In this way, a Common Stock Shareholder can maintain an undiluted investment in the Fund and still allow the Fund to pay out the required distributable income.

No action is required on the part of a registered Common Stock Shareholder to receive a distribution in shares of Common Stock of the Fund. A registered Common Stock Shareholder may elect to receive an entire distribution in cash by notifying Computershare Trust Co., N.A. (Computershare), P.O. Box 43010 Providence, RI 02940-3010, the Plan Agent and the Fund's transfer agent and registrar, in writing so that such notice is received by Computershare no later than 10 days prior to the record date for distributions to Common Stock Shareholders. Computershare will set up an account for shares acquired through the Plan for each Common Stock Shareholder who has not elected to receive distributions in cash (Participant) and hold such shares in non-certificated form.

Those Common Stock Shareholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary.

Computershare will set up an account for shares acquired pursuant to the Plan for Participants who have not so elected to receive dividends and distributions in cash. The shares of Common Stock will be acquired by the Plan Agent for the Participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares of Common Stock from the Fund (Additional Common Stock) or (ii) by purchase of outstanding shares of Common Stock on the open market on the NYSE or elsewhere. If on the payment date for a dividend or distribution, the net asset value per share of Common Stock is equal to or less than the market price per share of Common Stock plus estimated brokerage commissions, Computershare shall receive Additional Common Stock, including fractions, from the Fund for each Participant's account. The number of shares of Additional Common Stock to be credited shall be determined by dividing the dollar amount of the dividend or distribution by the greater of (i) the net asset value per share of Common Stock on the payment date, or (ii) 95% of the market price per share of the Common Stock on the payment date. If the net asset value per share of Common Stock exceeds the market price plus estimated brokerage commissions on the payment date for a dividend or distribution, Computershare (or a broker-dealer selected by Computershare) shall endeavor to apply the amount of such dividend or distribution on each Participant's shares of Common Stock to purchase shares of Common Stock on the open market. Such purchases will be made on or shortly after the payment date for such dividend or distribution but in no event will purchases be made on or after the ex-dividend date for the next dividend or distribution. The weighted average price (including brokerage commissions) of all shares of Common Stock purchased by Computershare shall be the price per share of Common Stock allocable to each Participant. If, before Computershare has completed its purchases, the market price plus estimated brokerage commissions exceeds the net asset value of the shares of Common Stock as of the payment date, the purchase price paid by Computershare may exceed the net asset value of the Common Stock, resulting in the acquisition of fewer shares of Common Stock than if such dividend or distribution had been paid in shares of Common Stock issued by the Fund. Participants should note that they will not be able to instruct Computershare to purchase shares of Common Stock at a specific time or at a specific price.

There is no charge to Common Stock Shareholders for receiving their distributions in the form of additional shares of the Fund's Common Stock. Computershare's fees for handling distributions in stock are paid by the Fund. There are no brokerage charges with respect to shares issued directly by the Fund as a result of distributions payable in stock. If a Participant elects by written notice to Computershare to have Computershare sell part or all of the shares held by Computershare in the Participant's account and remit

the proceeds to the Participant, Computershare is authorized to deduct a \$2.50 transaction fee plus brokerage commissions from the proceeds.

Common Stock Shareholders who receive distributions in the form of stock are subject to the same Federal, state and local tax consequences as are Common Stock Shareholders who elect to receive their distributions in cash. A Common Stock Shareholder's basis for determining gain or loss upon the sale of stock received in a distribution from the Fund will be equal to the total dollar amount of the distribution paid to the Common Stock Shareholder in the form of additional shares.

**SunAmerica Focused Alpha Growth Fund, Inc.**

**RESULTS OF ANNUAL SHAREHOLDER MEETING June 30, 2008 (unaudited)**

The Annual Meeting of the Shareholders of the Fund (the Meeting ) was held on April 25, 2008. At this meeting Samuel M. Eisenstat, Stephen J. Gutman and Peter A. Harbeck were elected by shareholders to serve as the Class III Directors of the Fund for three-year terms, which expire at the annual meeting of shareholders to be held in 2011 and until their respective successors are duly elected and qualify.

The voting results of the Meeting to elect Samuel M. Eisenstat, Stephen J. Gutman and Peter A. Harbeck to the Board are as follows:

**Election of Samuel M. Eisenstat to the Board of Directors**

	<b>For</b>	<b>Withheld</b>	<b>Total</b>
Shares Voted	17,104,915	2,106,081	19,210,996

**Election of Stephen J. Gutman to the Board of Directors**

	<b>For</b>	<b>Withheld</b>	<b>Total</b>
Shares Voted	17,087,641	2,123,355	19,210,996

**Election of Peter A. Harbeck to the Board of Directors**

	<b>For</b>	<b>Withheld</b>	<b>Total</b>
Shares Voted	17,094,537	2,116,459	19,210,996

The terms of office of Jeffrey S. Burum and William F. Devin (Class I, term expiring 2009) and Dr. Judith L. Craven and William J. Shea (Class II, term expiring 2010) continued after the Meeting.

## **Directors**

*Samuel M. Eisenstat*  
*Peter A. Harbeck*  
*Dr. Judith L. Craven*  
*William F. Devin*  
*Stephen J. Gutman*  
*Jeffrey S. Burum*  
*William J. Shea*

## **Officers**

*John T. Genoy, President and  
Chief Executive Officer*  
*Donna M. Handel, Treasurer*  
*James Nichols, Vice President*  
*Cynthia Skrehot, Chief Compliance Officer*  
*Gregory N. Bressler, Chief Legal Officer and  
Secretary*  
*Gregory R. Kingston, Vice President and  
Assistant Treasurer*  
*Nori L. Gabert, Vice President  
and Assistant Secretary*  
*Kathleen Fuentes, Assistant Secretary*  
*John E. McClean, Assistant Secretary*  
*John E. Smith Jr., Assistant Treasurer*

## **Investment Adviser**

*AIG SunAmerica Asset Management Corp.*  
*Harborside Financial Center*  
*3200 Plaza 5*  
*Jersey City, NJ 07311-4992*

## **Custodian**

*State Street Bank and Trust Company*  
*P.O. Box 5607*  
*Boston, MA 02110*

## **Transfer Agent**

*Computershare Shareholder Services, Inc.*  
*250 Royall Street*  
*Canton, MA 02021*

## **VOTING PROXIES ON FUND PORTFOLIO SECURITIES**

A description of the policies and procedures that the Fund uses to determine how to vote proxies related to securities held in the Fund's portfolio, which is available in the Fund's Form N-CSR, may be obtained without charge upon request, by calling (800) 858-8850. This information is also available from the EDGAR database on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>.

## **DISCLOSURE OF QUARTERLY PORTFOLIO HOLDINGS**

The Fund is required to file its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission for its first and third fiscal quarters on Form N-Q. The Fund's Forms N-Q are available on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>. You can also review and obtain copies of Form N-Q at the U.S. Securities and Exchange Commission's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling

1-800-SEC-0330).

**PROXY VOTING RECORD ON FUND PORTFOLIO SECURITIES**

Information regarding how the Fund voted proxies related to securities held in the Fund's portfolio during the most recent twelve month period ended June 30, is available, once filed with the U.S. Securities and Exchange Commission without charge, upon request, by calling (800) 858-8850 or on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>.

This report is submitted solely for the general information of shareholders of the Fund.

The accompanying report has not been audited by independent accountants and accordingly no opinion has been expressed thereon.



Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Item 4. Principal Accountant Fees and Services.

Not applicable.

Item 5. Audit Committee of Listed Registrants.

Not applicable.

Item 6. Investments.

Included in Item 1 to the Form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

None.

Item 10. Submission of Matters to a Vote of Security Holders.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Directors that were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by 22(b)(15)) of Schedule 14A (17 CFR 240.14a-101), or this Item 10.

Item 11. Controls and Procedures.

- (a) An evaluation was performed within 90 days of the filing of this report, under the supervision and with the participation of the registrant's management, including the President and Treasurer, of the effectiveness of the design and operation of the registrant's disclosure controls and procedures (as defined under Rule 30a-3(c) under the Investment Company Act of 1940 (17 CFR 270.30a-3(c))). Based on that evaluation, the registrant's management, including the President and Treasurer, concluded that the registrant's disclosure controls and procedures are effective.



- (b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

- (a) (1) Not applicable.  
  
(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) attached hereto as Exhibit 99.CERT.  
  
(3) Not applicable.
  - (b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) and Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto as Exhibit 99.906.CERT.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SunAmerica Focused Alpha Growth Fund,  
Inc.

By: /s/ John T. Genoy  
John T. Genoy  
President

Date: September 5, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John T. Genoy  
John T. Genoy  
President

Date: September 5, 2008

By: /s/ Donna M. Handel  
Donna M. Handel  
Treasurer

Date: September 5, 2008