

SunAmerica Focused Alpha Growth Fund, Inc.
Form N-CSRS
September 07, 2011

**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
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, 2011

Item 1. Reports to Stockholders

INFORMATION REGARDING THE FUND'S DISTRIBUTION POLICY

The SunAmerica Focused Alpha Growth Fund, Inc. (the "Fund") has established a dividend distribution policy (the "Distribution Policy") pursuant to which the Fund makes a level dividend distribution each quarter to shareholders of its common stock (after payment of interest on any outstanding borrowings or dividends on any outstanding preferred shares) at a rate that is based on a fixed amount per share as determined by the Board of Directors of the Fund (the "Board"), subject to adjustment in the fourth quarter, as necessary, so that the Fund satisfies the minimum distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). As of the most recent quarterly dividend distribution paid on July 6, 2011, the fixed amount of the quarterly dividend distribution was \$0.05 per share. Pursuant to an exemptive order (the "Order") issued to the Fund by the Securities and Exchange Commission ("SEC") on February 3, 2009, the Fund may distribute long-term capital gains more frequently than the limits provided in Section 19(b) under the Investment Company Act of 1940, as amended (the "1940 Act") and Rule 19b-1 thereunder. Therefore, dividend distributions paid by the Fund during the year may include net income, short-term capital gains, long-term capital gains and/or return of capital. If the total distributions made in any calendar year exceed investment company taxable income and net capital gains, such excess distributed amount would be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits. Distributions in excess of the earnings and profits would first be a tax-free return of capital to the extent of the adjusted tax basis in the shares. After such adjusted tax basis is reduced to zero, the distribution would constitute capital gains (assuming the shares are held as capital assets). 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. Shareholders will receive a notice with each dividend distribution, if required by Section 19(a) under the 1940 Act, estimating the sources of such dividend distribution and providing other information required by the Order. Investors should not draw any conclusions about the Fund's investment performance from the amount of this distribution or from the terms of the Distribution Policy.

The Board has the right to amend, suspend or terminate the Distribution Policy at any time without prior notice to shareholders. The Board might take such action, for example, if the Distribution Policy had the effect of decreasing the Fund's assets to a level that was determined to be detrimental to Fund shareholders. An amendment, suspension or termination of the Distribution Policy could have a negative effect on the Fund's market price per share which, in turn could create or widen a trading discount. Please see Note 2 to the financial statements included in this report for additional information regarding the Distribution Policy.

The Fund is also subject to investment and market risk. An economic downturn could have a material adverse effect on its investments and could result in the Fund not achieving its investment or distribution objectives, which may affect the distribution. Please refer to the prospectus for a fuller description of the Fund's risks.

June 30, 2011

SEMI-ANNUAL REPORT

SUNAMERICA FOCUSED ALPHA GROWTH FUND, INC.

SunAmerica Focused Alpha Growth Fund (FGF)

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June 30, 2011

SEMI-ANNUAL REPORT

Shareholders Letter (unaudited)

Dear Shareholders:

We are pleased to present this semi-annual report for the SunAmerica Focused Alpha Growth Fund (the Fund) covering a six-month period that was characterized by rather high volatility and significant fluctuation in investor sentiment but that overall saw U.S. equities continue their positive momentum from 2010 and the Fund outperform its benchmark index on a relative basis.

For the six months ended June 30, 2011, the Fund's total return based on net asset value (NAV) was 11.29%. The Fund's benchmark, the Russell 3000® Growth Index¹, returned 6.98% during the same period. The Fund's total return based on market price was 18.99% during the semi-annual period. As of June 30, 2011, the Fund's NAV was \$21.65, and its market price was \$20.77.

Most of the gains generated by the U.S. equity market during the semi-annual period can be attributed to the first quarter of 2011 when improving trends in labor, housing, manufacturing and consumer confidence pointed to a continuation in the economic recovery. Federal Reserve Board (the Fed) purchases of U.S. Treasury securities, which commenced in the fourth quarter of 2010, injected liquidity into the economy and reassured investors that monetary policy would remain favorable, at least in the short term. A positive trajectory in corporate earnings and cash flows and strong merger and acquisition activity further supported U.S. equity market performance. Indeed, despite great exogenous shocks resulting from Middle East and North African turmoil, a series of disasters in Japan, political debate over collective bargaining rights in Wisconsin and the possible repeal of health care reform in Washington D.C., U.S. equities rewarded investors with solid returns during the first quarter of 2011.

The broad U.S. equity market experienced a much more volatile second quarter, rising to a three-year high in April before losing most of its early 2011 gains by mid-June and then recovering somewhat in the very last week of the semi-annual period. In early April, commodity prices declined and expectations ran high for strong corporate profit growth. However, while home construction rose modestly in May, housing and employment remained key weak spots in the U.S. economy. Also, concerns about Greece's debt crisis re-surfaced, the U.S. Congress wrangled over the U.S. debt ceiling, the Fed's quantitative easing program was scheduled to expire on June 30, 2011, the impact of Japan's natural and man-made disasters worked their way through the global supply chain and deadly storms cut a wide swath of destruction across the midwestern and southern United States. In turn, the U.S. equity market lost ground. Toward the very end of June, U.S. equities overall recovered from their May to mid-June decline on the heels of better than expected U.S. manufacturing activity, improved automobile sales and a short-term resolution of the sovereign debt crisis in Greece.

Despite this volatility, all capitalization segments of the U.S. equity market advanced during the semi-annual period. Mid-cap stocks, as measured by the Russell Midcap® Index², performed best, followed by large-cap and then small-cap stocks, as measured by the Russell 1000® Index² and the Russell 2000® Index², respectively, which performed nearly in line with each other. Growth-oriented stocks outpaced value-oriented stocks across the capitalization spectrum. Within the Russell 3000® Growth Index, all sectors increased on an absolute basis. The best performing sectors in the Russell 3000® Growth Index on a relative basis were utilities, energy, health care and consumer staples. The weakest performing sectors were telecommunication services, materials, information technology and financials.

As you know, the Fund brings together two well-known equity managers, blending large and small/mid-cap growth investing. Marsico Capital Management LLC (Marsico) and BAMCO Inc. (BAMCO) each contribute stock picks to the Fund s portfolio. Marsico emphasizes large-cap growth investing, while BAMCO focuses on small/mid-cap growth opportunities.

On July 27, 2011, the Fund announced that its Board of Directors had formally approved a proposal to reorganize the Fund into a new open-end fund, subject to approval by shareholders (the Reorganization). It is anticipated that this new open-end fund will be managed by SunAmerica Asset Management Corp. and subadvised by the current subadvisers of the Fund. If approved by shareholders, the Reorganization is expected to close in January 2012. Please see the Notes to the Financial Statements included in this report for additional information regarding the proposed Reorganization.

Clearly, maintaining a long-term perspective is a basic tenet of effective investing for both managers and investors at all times. We continue to believe that equity investments are an important component of a long-term diversified investment plan.

Shareholders Letter (unaudited) (continued)

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
SunAmerica Asset Management Corp.

Past performance is no guarantee of future results

- ¹ 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. Indices are not managed and an investor cannot invest directly into an index.
- ² The **Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index. 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 1,000 securities in the Russell 3000. The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. Indices are not managed and an investor cannot invest directly into an index.

Investors should carefully consider the SunAmerica Focused Alpha Growth Fund's investment objectives, strategies, risks, charges and expenses before investing. The Fund should be considered as only one element of a complete investment program. The Fund's equity exposure involves special risks. An investment in this Fund should be considered speculative. There is no assurance that the 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, Small and Medium Capitalization Company Risk, Liquidity Risk, Market Price of Shares Risk, Management Risk, Anti-Takeover Provisions Risk and Portfolio Turnover 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.

SunAmerica Focused Alpha Growth Fund, Inc.
STATEMENT OF ASSETS AND LIABILITIES *June 30, 2011* *(unaudited)*

ASSETS:

Investments at value (unaffiliated)*	\$ 309,197,017
Cash	1,173
Receivable for:	
Dividends and interest	438,277
Prepaid expenses and other assets	6,279
 Total assets	 309,642,746

LIABILITIES:

Payable for:	
Investment advisory and management fees	244,205
Administration fees	9,768
Directors' fees and expenses	5,155
Other accrued expenses	905,804
 Total liabilities	 1,164,932

Net Assets	\$ 308,477,814
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NET ASSETS REPRESENTED BY:

Common stock, \$0.001 par value (200,000,000 shares authorized)	\$ 14,249
Additional paid-in capital	228,873,031
	228,887,280
Accumulated undistributed net investment income (loss)	(2,625,135)
Accumulated undistributed net realized gain (loss) on investments	766,481
Unrealized appreciation (depreciation) on investments	81,449,188
 Net Assets	 \$ 308,477,814

NET ASSET VALUE:

Net assets	\$ 308,477,814
Shares outstanding	14,248,665
Net asset value per share	\$ 21.65

*Cost	
Investments (unaffiliated)	\$ 227,747,829

See Notes to Financial Statements

SunAmerica Focused Alpha Growth Fund, Inc.

STATEMENT OF OPERATIONS *For the six months ended June 30, 2011 (unaudited)*

INVESTMENT INCOME:

Dividends (unaffiliated)	\$ 705,621
Interest (unaffiliated)	593
Total investment income	706,214

EXPENSES:

Investment advisory and management fees	1,493,689
Administration fees	59,747
Transfer agent fees and expenses	11,564
Custodian and accounting fees	45,720
Reports to shareholders	70,968
Audit and tax fees	19,722
Legal fees	76,389
Directors' fees and expenses	32,749
Other expenses	98,213
Total expenses before custody credits	1,908,761
Custody credits earned on cash balances	(8)
Fees paid indirectly (Note 4)	(2,270)
Net expenses	1,906,483
Net investment income (loss)	(1,200,269)

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:

Net realized gain (loss) on investments (unaffiliated)	47,252,809
Change in unrealized appreciation (depreciation) on investments (unaffiliated)	(14,659,562)
Net realized and unrealized gain (loss) on investments	32,593,247
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 31,392,978

See Notes to Financial Statements

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

	For the six months ended June 30, 2011 (unaudited)	For the year ended December 31, 2010
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income (loss)	\$ (1,200,269)	\$ 193,175
Net realized gain (loss) on investments	47,252,809	60,230,486
Net unrealized gain (loss) on investments	(14,659,562)	26,986,131
Net increase (decrease) in net assets resulting from operations	31,392,978	87,409,792
Distributions to shareholders from:		
Net investment income	*	(193,175)
Net realized gain on investments	(1,424,866)*	(3,572,544)#
Return of capital	*	
Total distributions to shareholders	(1,424,866)	(3,765,719)
Capital share transactions:		
Cost of 0 and 6,106,571 shares purchased through a tender offer (Note 8)(1)		(109,887,787)
Total increase (decrease) in net assets	29,968,112	(26,243,714)
NET ASSETS:		
Beginning of period	278,509,702	304,753,416
End of period	\$ 308,477,814	\$ 278,509,702
Includes accumulated undistributed net investment income (loss)	\$ (2,625,135)	\$

* Amounts for net investment income, net realized gains on investments and return of capital are estimated as of June 30, 2011 and are subject to change and recharacterization at fiscal year end. It is currently estimated that a portion of the estimated distributions may not exceed the Fund's current and accumulated earnings and profits for tax purposes and, therefore, may be taxable as ordinary income. In addition, it is also currently estimated that a portion of the estimated distributions are in excess of the amount required to be distributed under the Internal Revenue Code of 1986, as amended (see Note 2).

The total distributions for the calendar year exceeded investment company taxable income and net capital gains and resulted in an excess distributed amount to be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits (see Note 2).

(1) Includes expenses associated with the in-kind tender offer.

See Notes to Financial Statements

SunAmerica Focused Alpha Growth Fund, Inc.
FINANCIAL HIGHLIGHTS

	For the six months ended June 30, 2010	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008	For the year ended December 31, 2007	For the year ended December 31, 2006
Net Asset Value, Beginning of Period	(unaudited) \$ 19.55	\$ 14.97	\$ 11.48	\$ 21.04	\$ 21.68	\$ 19.59
Investment Operations:						
Net investment income (loss)@	(0.08)	0.01	(0.02)	(0.05)	0.01	0.01
Net realized and unrealized gain (loss) on investments	2.28	4.65	3.86	(8.26)	2.66	3.28
Total from investment operations	2.20	4.66	3.84	(8.31)	2.67	3.29
Distributions From:						
Net investment income	*	(0.01)			(0.01)	(0.01)
Net realized gains on investments	(0.10)*(5)	(0.19)(4)			(2.53)	(0.62)
Return of capital	*		(0.35)	(1.25)	(0.77)	(0.57)
Total distributions	(0.10)	(0.20)	(0.35)	(1.25)	(3.31)	(1.20)
Capital Share Transactions:						
NAV accretion resulting from shares tendered		0.12(6)				
Net Asset Value, End of Period	\$ 21.65	\$ 19.55	\$ 14.97	\$ 11.48	\$ 21.04	\$ 21.68
Net Asset Value Total Return(1)#	11.29%	32.19%	34.50%	(41.07)%	12.67%	17.37%
Market Value, End of Period	\$ 20.77	\$ 17.54	\$ 13.71	\$ 9.55	\$ 18.92	\$ 19.74
Market Value Total Return(2)#	18.99%	29.61%	48.35%	(44.75)%	13.20%	23.65%
Ratios/Supplemental Data:						

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Net Assets, end of period (\$000 s)	\$ 308,478	\$ 278,510	\$ 304,753	\$ 233,635	\$ 428,277	\$ 441,335
Ratio of expenses to average net assets(3)	1.29%(7)	1.25%	1.22%	1.17%	1.14%	1.16%
Ratio of net investment income (loss) to average net assets(3)	(0.81)%(7)	0.06%	(0.14)%	(0.29)%	0.03%	0.04%
Portfolio turnover rate	35%	70%	72%	89%	51%	55%

@ Calculated based upon average shares outstanding

Total return is not annualized.

* Amounts for net investment income, net realized gains on investments and return of capital are estimated as of June 30, 2011 and are subject to change and recharacterization at fiscal year end.

- (1) Based on net asset value per share. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at NAV on the ex-dividend date.
- (2) 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.
- (3) 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.
- (4) The total distributions for the calendar year exceeded investment company taxable income and net capital gains and resulted in an excess distributed amount to be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits (see Note 2).
- (5) It is currently estimated that a portion of the estimated distributions may not exceed the Fund's current and accumulated earnings and profits for tax purposes and, therefore, may be taxable as ordinary income. In addition, it is also currently estimated that a portion of the estimated distributions are in excess of the amount required to be distributed under the Internal Revenue Code of 1986, as amended (see Note 2).
- (6) See Note 8.
- (7) Annualized

See Notes to Financial Statements