

SunAmerica Focused Alpha Growth Fund, Inc.

Form N-CSR

March 07, 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: December 31, 2007

Item 1. Reports to Stockholders

December 31, 2007

ANNUAL REPORT

SUNAMERICA FOCUSED ALPHA GROWTH FUND, INC.

SunAmerica Focused Alpha Growth Fund (FGF)

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December 31, 2007

ANNUAL REPORT

Shareholders Letter

Dear Shareholders:

We are pleased to present the 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 year ended December 31, 2007, the Fund's Net Asset Value (NAV) returned 12.7%, outperforming its benchmark, the Russell 3000 Growth Index¹, which returned 11.4% for the same period. The Fund's market price returned 13.2% during the same period. As of December 31 2007, the Fund's NAV was \$21.04 and its market price was \$18.92.

The past twelve months have been a volatile period for equities as markets reacted to a variety of rapidly-unfolding news developments. In the first half of 2007, U.S. stocks recorded strong overall results despite a variety of challenges that included: a slowdown in U.S. growth following tightening by the Federal Reserve Board (Fed); rising oil prices; and the beginning of concerns around credit and a slowdown in U.S. consumer spending. The scenario changed considerably in the second half, however, as equities were beset by a growing malaise fueled by mortgage finance problems, credit market pressures and further downdrafts in the U.S. housing market. Market woes were further exacerbated by sharply higher oil prices markets and nascent signs of decelerating global economic growth. The combination of these factors led to questions about the sustainability of the business cycle.

Market prices moved considerably in response. Government bond yields declined, the value of the dollar fell faster than in earlier years and equities turned trendless and volatile. A broad-based market sell-off in November hurt value stocks more than growth stocks, as both large- and small-cap issues underperformed their respective growth counterparts. Growth stocks were helped by outperformance in consumer staples, healthcare, and producer durables issues sectors characterized by a defensive position in times of a recession.

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. 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.

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.

SunAmerica Focused Alpha Growth Fund, Inc.

FUND REVIEW (unaudited)

Below: Tom Marsico and team, portfolio managers at Marsico Capital Management, LLC (Marsico), discuss the SunAmerica Focused Alpha Growth Fund s (the Fund) performance over the reporting period. Marsico manages the large-cap growth portion of the Fund s portfolio.

Overall, stock selection had the largest impact on the performance of the portion of the Fund run by Marsico. This is in keeping with our focused investing strategy. Apple Inc. was the largest contributor in the period, returning 86%, propelled forward by the success of its I-phone. Other strong performers included Las Vegas Sands and McDonald s Corp, which rose 15% and 17%, respectively. McDonald s benefited from its rollout of premium beverages and strong sales outside U.S. markets. On the flip side, holdings in Biotechnology company Genentech, Inc. declined in value. Media company Comcast Corp. and Homebuilder Lennar Corp. also declined sharply prior to being sold from the portfolio during the reporting period.

Although industry and sector allocations are a minor consideration compared to our belief in the stories behind the companies that are owned in the portfolio, the portion of the Fund run by Marsico did benefit by a significant underweight in the weak-performing Financials sector during the year. On the flip side, performance was tempered by an overweight in the Consumer Discretionary sector, and little or no exposure to the Energy sector. Consumer Discretionary was among the weakest-performing sectors of the benchmark index, while the Energy sector was the strongest performing sector.

Below: Ron Baron and team, portfolio managers at BAMCO, Inc. (BAMCO), discuss the Fund s performance over the reporting period. BAMCO manages the small/mid-cap portion of the Fund s portfolio.

At BAMCO, we look for companies that have sustainable competitive advantages, strong financial characteristics and great management teams. Among the top performers in the small/mid-cap segment of the Fund s portfolio over the reporting period were shares of private education company DeVry and Wynn Resorts. DeVry s performance was driven by improved student enrollment trends and operating metrics. These were underscored by management s willingness to cut costs and continue to diversify away from reliance on high-tech to more health, business and career college offerings. Shares of Wynn Resorts benefitted as its flagship casinos in Macau and Las Vegas continued to grow, despite increased Chinese visa restrictions that hampered travel to Macau and construction that disrupted access to its Las Vegas property. As a result of its strong free cash flow generation, the company was able to return cash to shareholders in the form of a \$6 per share dividend and to introduce a \$1.2 billion stock buyback program.

A position in Boyd Gaming suffered mainly due to concerns that the Las Vegas locals market is slowing with the housing recession in Las Vegas and higher unemployment. Car Max also underperformed as shares of this leading chain of used car superstores came up against difficult comparisons and credit concerns. On a broad basis, industries that had a positive impact on performance for the year were education, recreation and healthcare. Industries that negatively impacted performance were healthcare facilities, and financial services.

Investors should carefully consider the SunAmerica Focused Alpha Growth Fund investment objective, strategies, risks, charges, expenses and the Fund s dividend distribution policy 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 the Fund should be considered speculative. There is no assurance that the SunAmerica Focused Alpha Growth Fund will achieve its investment objective. 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.

Securities listed may or may not be a part of the current portfolio construction.

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SunAmerica Focused Alpha Growth Fund, Inc.
STATEMENT OF ASSETS AND LIABILITIES *December 31, 2007*

ASSETS:

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

\$425,103,544

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

13,196,000

Total investments

438,299,544

Cash

972

Receivable for:

Dividends and interest

61,181

Prepaid expenses and other assets

4,389

Total assets

438,366,086

LIABILITIES:

Payable for:

Investment advisory and management
fees

412,644

Directors' fees and expenses

423

Administration fees

16,503

Other accrued expenses

141,301

Dividends payable

9,518,521

Total liabilities

10,089,392

Net Assets

\$428,276,694

NET ASSETS REPRESENTED BY:

Common stock, \$.001 par value
(200,000,000 shares authorized)

\$20,355

Additional paid-in capital

349,842,820 349,863,175

Accumulated undistributed net
investment income (loss) (unaffiliated)

Accumulated undistributed net realized
gain (loss) on investments (unaffiliated)
(42,331)

Unrealized appreciation (depreciation) on
investments (unaffiliated)

78,455,850

Net Assets

\$428,276,694

NET ASSET VALUES

Net assets

\$428,276,694

Shares outstanding

20,355,236

Net asset value per share

\$21.04

*Cost

Long-term investment securities
(unaffiliated)

\$346,647,694

Short-term investment securities

(unaffiliated)

\$13,196,000

See Notes to Financial Statements

SunAmerica Focused Alpha Growth Fund, Inc.

STATEMENT OF OPERATIONS *For the year ended December 31, 2007*

INVESTMENT INCOME:

Dividends (unaffiliated)
\$4,030,754
Interest (unaffiliated)
1,276,162
Total investment income
5,306,916

EXPENSES:

Investment advisory and
management fees
4,608,060
Administration fees
184,322
Transfer agent fees and
expenses
19,900
Custodian and accounting fees
81,389
Reports to shareholders
83,631
Audit and tax fees
40,773
Legal fees
76,750
Directors' fees and expenses
47,686
Other expenses
36,415
Total expenses before custody
credits
5,178,926
Custody credits earned on cash
balances
(2,595)
Fees paid indirectly (Note 4)
(16,029)
Net expenses
5,160,302
Net investment income (loss)
146,614

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

Net realized gain (loss) on
investments (unaffiliated)
51,519,597

Net realized foreign exchange
gain (loss) on other assets and
liabilities
(78)

Net realized gain (loss) on
investments and foreign
currencies
51,519,519

Change in unrealized
appreciation (depreciation) on
investments (unaffiliated)
2,651,074

Change in unrealized foreign
exchange gain (loss) on other
assets and liabilities
22

Net unrealized gain (loss) on
investments and foreign
currencies
2,651,096

Net realized and unrealized gain
(loss) on investments and foreign
currencies
54,170,693

**NET INCREASE
(DECREASE) IN NET ASSETS
RESULTING FROM
OPERATIONS**
\$54,317,229

See Notes to Financial Statements

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

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income (loss)		
\$146,614	\$162,296	
Net realized gain (loss) on investments and foreign currencies		
51,519,519	12,702,491	
Net unrealized gain (loss) on investments and foreign currencies		
2,651,096	54,090,013	
Net increase (decrease) in net assets resulting from operations		
54,317,229	66,954,800	
Distributions to shareholders from:		
Net investment income		
(146,536)	(162,238)	
Net realized gain on investments		
(51,561,928)	(12,678,584)	
Return of capital		
(15,667,367)	(11,585,461)	
Total distributions to shareholders		
(67,375,831)	(24,426,283)	
Total increase (decrease) in net assets		
(13,058,602)	42,528,517	
NET ASSETS:		
Beginning of period		
441,335,296	398,806,779	
End of period		
\$428,276,694	\$441,335,296	
Includes accumulated undistributed net investment income (loss)		
\$ \$		

See Notes to Financial Statements

SunAmerica Focused Alpha Growth Fund, Inc.
FINANCIAL HIGHLIGHTS

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006	For the Period July 29, 2005 through December 31, 2005
Net Asset Value, Beginning of period	\$ 21.68	\$ 19.59	\$ 19.10(1)
Investment Operations:			
Net investment income (loss)@	0.01	0.01	(0.02)
Net realized and unrealized gain (loss) on investments	2.66	3.28	1.05
Total from investment operations	2.67	3.29	1.03
Distributions From:			
Net investment income	(0.01)	(0.01)	
Net realized gains on investments	(2.53)	(0.62)	
Return of capital	(0.77)	(0.57)	(0.50)
Total distributions	(3.31)	(1.20)	(0.50)
Capital Share Transactions:			
Offering costs for common shares charged to additional paid-in capital	(0.04)		
Net Asset Value, End of period	\$21.04	\$21.68	\$19.59
Net Asset Value Total Return(2)#	12.67%	17.37%	5.27%
Market Value, End of period	\$18.92	\$19.74	\$17.03
Market Value Total Return(3)#	13.20%	23.65%	(12.42)%
Ratios/ Supplemental Data:			
Net Assets, end of period (\$000 s)	\$428,277	\$441,335	\$398,807

Ratio of expenses to average net assets(4)

1.14% 1.16% 1.17%

Ratio of net investment income (loss) to
average net assets(4)

0.03% 0.04% (0.28)%

Portfolio turnover rate

51% 55% 28%

Commencement of operations

@ Calculated based upon average shares outstanding

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 *December 31, 2007 (unaudited)*

Industry Allocation*

Computers	14.5%
Aerospace/ Defense	12.7
Casino Hotels	10.5
Web Portals/ ISP	7.6
Retail-Restaurants	7.5
Medical-HMO	6.7
Finance-Investment Banker/ Broker	6.1
Medical-Biomedical/ Gene	5.2
School	3.8
Retail-Sporting Goods	3.2
Time Deposits	3.1
Electric-Transmission	2.8
Soap & Cleaning Preparation	2.5
Transport-Services	2.1
Retail-Automobile	1.7
Data Processing/ Management	1.7
Oil Companies-Exploration & Production	1.6
E-Commerce/ Services	1.6
Casino Services	1.5
Medical Instruments	1.5
Investment Management/ Advisor Services	1.3
Physicians Practice Management	1.3

Commercial Services

1.2

Retail-Apparel/ Shoe

0.6 102.3%

* Calculated as a percentage of net assets

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SunAmerica Focused Alpha Growth Fund, Inc.
PORTFOLIO OF INVESTMENTS *December 31, 2007*

Security Description	Shares	Value (Note 2)
COMMON STOCK 99.2%		
Aerospace/ Defense 12.7%		
General Dynamics Corp. 282,790 \$25,165,482		
Lockheed Martin Corp. 278,182 29,281,437	54,446,919	
Casino Hotels 10.5%		
Boyd Gaming Corp. 250,000 8,517,500		
Las Vegas Sands Corp. 228,254 23,521,575		
Wynn Resorts, Ltd. 115,000 12,894,950	44,934,025	
Casino Services 1.5%		
Scientific Games Corp., Class A 200,000 6,650,000		
Commercial Services 1.2%		
ChoicePoint, Inc. 140,000 5,098,800		
Computers 14.5%		