

# ALGER

Alger American MidCap Growth Portfolio

## THE ALGER AMERICAN FUND

A pooled funding vehicle for:

- variable annuity contracts
- variable life insurance policies
- qualified pension plans
- qualified retirement plans

**SEMI-ANNUAL REPORT**

June 30, 2009

(Unaudited)

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We can look at the last six months as the melting away of an illusion; as a time when reality has come painfully back into play. Many philosophers built vast realms of study on the idea that misguided reason can twist reality into something that perhaps suits us in the moment but ultimately only serves to keep us in an illusory state—and, in our current case, wreak havoc on our economy and our confidence.

The housing and credit crises and ensuing financial breakdown began with an illusion based on flawed ideas held by many financial lenders and insurers: the latent belief that growth in the housing market would continue unhampered on its upward trajectory. Underlying the assumption of unimpeded growth was the idea that financial derivatives could not only provide the increase in debt necessary to support the financial system but also manage the associated risk. In the mid-2000s, the illusion grew as more and more lenders extended more and more credit to “subprime” borrowers who, if their circumstances declined, were less and less likely to be able to pay the loans back. Although the practice was based on a belief that growth would continue, experience has shown again and again that the upward trend of growth over time is much more jagged than we like to recall.

When the illusion disintegrated, not only did the borrowers suffer from foreclosures, but the resulting housing crisis created a massive ripple effect that crippled the U.S.’s major financial firms. Along with the weakening of the financial sector, so went credit availability, consumer spending, jobs, and, ultimately, consumer confidence. By the fourth quarter of 2008, the scale of the crisis had ceased to be solely “subprime”—it had gone global. Through the first quarter and into the second of 2009, the volatility continued with the Dow Jones Industrial Average<sup>i</sup> climbing as high as 9,034 points and falling as low as 6,547 points.

Toward the end of the first quarter and into the second quarter of this calendar year, economic indicators were struggling to recover, but did much better in the latter half of the second quarter. Retail sales fell 1.3% in March and a further 0.4% in April—a larger dip than expected – but increased 0.6% in June. The Consumer Price Index declined 0.7% on an annual basis in April, only the second year-over-year decline in nearly 54 years following March's 0.4% drop<sup>ii</sup> but rose 0.7% in June up from a 0.1% increase in May. Industrial production decreased 1.2% in May after having fallen 0.5% in April and 1.7% in March<sup>iii</sup> but improved in June falling 0.4%. And GDP for the first quarter of 2009 decreased 6.1% compared to the fourth quarter of 2008, which experienced a decline of 6.3%.

Europe did not fare much better. European GDP fell 2.5% in the first quarter of 2009 versus the last quarter of 2008, which experienced a decline of 1.5%—the figures were for both the 16-country euro currency zone and the broader 27-country European Union bloc<sup>iv</sup>. China is anticipated to fare less poorly, and although its export growth is expected to slow, the country is taking measures to focus on innovation rather than outright cost-efficiency.

### Emerging from the Darkness

Plato famously dealt with illusion in what came to be called Plato’s Cave. He described people in a cave whose notion of reality was entirely comprised of shadows projected on a wall. Similarly, one could say that we were in such a cave, deceived by the shadows of easy credit, with no real idea of the hows or whys of what we were seeing.

Now, however, we are beginning to see clearly where things unraveled. Actions are being taken by the Obama administration as well as the housing, financial, and automotive industries to stave off a repetition of the disaster; whether or not those actions will succeed remains to be seen.

What we do know is that, as of the date of this writing, some light has begun to shine in growth investing. In the first quarter, growth funds beat their value rivals by the largest margin in nine years, with the Russell 3000 Growth Index<sup>v</sup> returning -4.54% while the Russell 3000 Value Index returned -16.77%<sup>vi</sup>. As of June 30<sup>th</sup>, mid-cap growth funds were up 12.32%, small-cap growth funds were up 10.58%, and large-cap growth funds were up 10.48%, according to investment researcher Morningstar Inc.<sup>vii</sup>—a sign that investors are beginning to shed their aversion to risk and test the market.

### Then and Now

Much has been made of the similarities between the current downturn and the Great Depression. During the “Roaring Twenties,” people were busy buying automobiles and appliances on credit and eagerly speculating in the stock market, feeding the illusion that the good times would continue to roll.

Then, like now, thought—in terms of easy credit and unimpeded growth—was divorced from reality. Back then, however, government policy either declined to intervene or, worse, intervened in ways that exacerbated rather than alleviated the financial crisis, thus allowing the devastation to spread across the U.S. economy. Things today move much more quickly. The current economy has turned downward faster in a shorter period of time than in any prior period, including the Depression. Fortunately, our government has responded with alacrity and, in a broad sense, moved in the right direction both by injecting massive amounts of liquidity into the financial system and by proactively assuring consumers of the safety of their savings and deposit accounts. As a result, we are likely to emerge faster from this crisis, and certainly much faster than in the 1930s. Government cannot be the only driver of recovery. Today, the depth and breadth of investors in markets across the globe is much stronger than ever before, and their actions will likely speed and strengthen the shape of recovery in both equity and debt markets.

As we have noted in our Alger Market Commentaries (see [www.alger.com](http://www.alger.com)), companies were quick to respond to the downturn in the second half of 2008 by moving rapidly to cut expenses. At the end of the first quarter of 2009, as we tracked the corporate earnings results of the companies we follow, we discovered a pattern: despite the rapidity of the economic downturn, we saw companies reporting free cash flow of both absolute strength and relative resilience. As we suspected, the continued stabilization of the U.S. economy and company fundamentals supported the market's rally from March lows.

We are already seeing signs of a bottoming in the housing market in the earliest-hit and hardest-hit areas of the U.S. where declines in foreclosures and short sales have begun to occur. Looking at Orange County, California, home prices increased 2.5% in March from February; sales jumped 27.5% in March from February and 47.4% from last year, according to the California Association of Realtors. The county had about four months of inventory as of May, a level not seen since April 2006. Inventory was at eight months a year ago and peaked at 11 months in 2007.

As a lagging indicator, the unemployment rate won't yield for a while as companies are expected to be slow to add new jobs, but the market can rebound long before the level of employment does. The unemployment rate hit 9.5% in June, the highest rate since 1982, but there are signs of hope as the monthly job loss total for June was down from the 699,000 jobs lost in March and the lowest level in eight months—since October, when the economy shed 380,000 jobs.

The Institute for Supply Management's manufacturing index, a key measure of manufacturing activity, rose for the sixth straight month in June, suggesting the sector may be stabilizing even though the indicator has been at the contraction level for 15 months in a row. And the Consumer Confidence Index, which had posted a slight increase in March, improved considerably in April and May though it had a slight retreat in June. The Index now stands at 49.3 (1985=100), down from 54.8 in May.

### **Apart from the Crowd**

Looking forward, we are grounded in a more complete picture of reality—for the overall economy and our firm. Danish philosopher Søren Kierkegaard, too, examined illusion in a way, writing that crowds limit and stifle the unique individual. Like any economic bubble, we can, of course, now say in hindsight that the adjoining crises were a result of exactly this kind of crowd mentality. The resulting economic disaster, while painful, has we believe effectively broken up the crowd, razing the illusion and once again opening the investing field up to new and creative opportunities. There is, after all, a stunning amount of cash on the sidelines. The savings rate is up to 6.9%, meaning that there is about \$769 billion currently being held in cash. As consumer confidence repairs itself, the sidelined cash will be invested. While we believe that the economy will technically be in recession for most of 2009, negative GDP figures will gradually become less severe.

The stock market, however, is a discounting mechanism; investors look forward toward the potential range of economic, sector, and company-specific outcomes in terms of revenues, margins, profits, and growth to assess the value of equity. At Alger, our investment process includes valuation analysis that considers outcomes that are both highly pessimistic and optimistic. Most of the time, we observe stocks selling within ranges that reflect varying but ultimately balanced views between the divergent possibilities.

Occasionally, however, the crowd mentality of the market overwhelms such rational behavior and investors see something entirely different: equities of companies, even the strongest, suddenly priced to fail. We believe the S&P 500 Index<sup>viii</sup> lows in March reflected such an event and, thus, we are increasingly confident that those lows will mark the bottom. Because we do not expect the economy—and, in particular, investor sentiment about economic recovery and future growth—to recover in a straight line, we think continued market volatility is likely. The inevitable sell-offs in the stock market that will accompany such uncertain economic progress will offer excellent buying opportunities for patient, long-term investors.

During the last six months, we had limited exposure to the hardest-hit areas of the financial sector, and our performance was largely a result of the market's broad and indiscriminate decline. Even in the best of times investing is a challenge; however, it is during bad times that an investment firm proves its capability to manage through crisis, focus on improving performance, and not only endure but also improve upon its strengths. Alger investment professionals have remained focused and disciplined in executing upon our consistent investment philosophy and process. Now in 2009, our 45<sup>th</sup> year in the business of investing, we have successfully passed through many shadowy times and found new opportunities amidst economic and generational change.

Kierkegaard once wrote, "The task must be made difficult, for only the difficult inspires the noble-hearted." We have perhaps encountered the most difficult task our generation will see, and our firm has come out of it more inspired than ever to deliver exceptional investment results for an exceptional group of individuals and institutions: our clients.

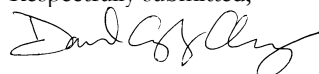
### **Portfolio Matters**

For the six months ended June 30, 2009, the Alger American MidCap Growth Portfolio returned 20.03% compared to the Russell MidCap Growth Index<sup>ix</sup>, which had a return of 16.61%.

During the six month period, the largest sector weightings in the Alger American MidCap Growth Portfolio were in Information Technology and Consumer Discretionary. The largest sector overweight for the period was in Information Technology. The largest sector underweight for the period was in Industrials. Relative outperformance in the Information Technology and Consumer Discretionary sectors were the most important contributors to performance. Sectors that detracted from performance included Health Care and Materials.

Among the most important relative security contributors were Apple Inc., Expedia Inc., BM&F Bovespa S/A Bolsa de Valores Mercadorias e Futuros, Regal Entertainment Group, and Cognizant Technology Solutions Corp. Conversely, securities detracting from overall results on a relative basis were Satyam Computer Services Ltd. (ADS), Metabolix Inc., Nintendo Co. Ltd. (ADS), Covidien PLC, and JA Solar Holdings Co. Ltd. (ADS).

Respectfully submitted,



Daniel C. Chung  
*Chief Investment Officer*

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- i The Dow Jones Industrial Average is an index of common stocks comprised of major industrial companies and assumes reinvestment of dividends. It is frequently used as a general measure of stock market performance.
  - ii The Consumer Price Index (CPI) is a measure estimating the average price of consumer goods and services purchased by households released by the Labor Department.
  - iii Industrial Production Index (IPI) is an economic indicator released monthly by the Federal Reserve Board that measures the amount of output from the manufacturing, mining, electric and gas industries.
  - iv EU statistics office
  - v The Russell 3000 Growth Index is an unmanaged index designed to measure the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on the total market capitalization, which represents 98% of the U.S. Equity Market.
  - vi The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.
  - vii Morningstar, Inc. is a Chicago-based investment research firm that compiles and analyzes fund, stock and general market data.
  - viii Standard & Poor's 500 Index is an index of the 500 largest and most profitable companies in the United States.
  - ix The Russell Midcap Growth Index is an unmanaged index designed to measure the performance of the 800 smallest companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Index is a subset of the Russell 3000 Index and is comprised of approximately 1,000 of the largest companies in the U.S. equity markets.

Investors cannot invest directly in an index. Index performance does not reflect deductions for fees, expenses, or taxes.

This report and the financial statements contained herein are submitted for the general information of shareholders of the Fund.

This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus for the Fund. Fund performance returns represent the semi-annual period return of Class O shares prior to the deduction of any sales charges. **The performance information quoted represents past performance, which is not an indication or guarantee of future results.** The investment return and principal value of an investment in a portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. **For performance data current to the most recent month-end, visit us at [www.alger.com](http://www.alger.com), or call us at (800) 992-3863.**

The views and opinions of the Fund's management in this report are as of the date of the shareholder letter and are subject to change at any time subsequent to this date. There is no guarantee that any of the assumptions that formed the basis for the opinions stated herein are accurate or that they will materialize. Any securities mentioned should be considered in the context of the construction of an overall portfolio of securities and therefore reference to them should not be construed as a recommendation or offer to purchase or sell any such security. Inclusion of such securities in a portfolio and transactions in such securities, if any, may be for a variety of reasons, including without limitation, in response to cash flows, inclusion in a benchmark and risk control. The reference to a specific security should also be understood in such context and not viewed as a statement that the security is a significant holding in a portfolio. Please refer to the Schedule of Investments for each portfolio which is included in this report for a complete list of portfolio

holdings as of June 30, 2009. Securities mentioned in the shareholder letter, if not found in the Schedule of Investments, were held by the Fund during the Fund's semi-annual period.

**A Word About Risk**

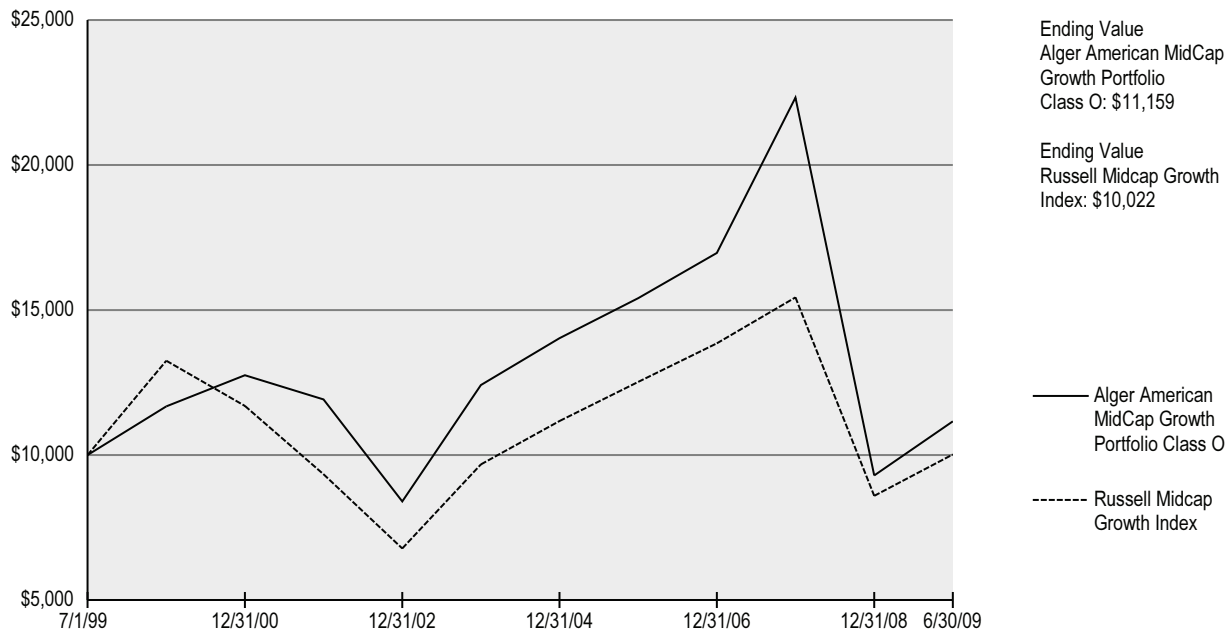
Growth stocks tend to be more volatile than other stocks as the price of growth stocks tends to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. Stocks of small- and mid-sized companies are subject to greater risk than stocks of larger, more established companies owing to such factors as limited liquidity, inexperienced management, and limited financial resources. For a more detailed discussion of the risks associated with a Portfolio, please see the Portfolio's Prospectus.

**Before investing, carefully consider the Portfolio's investment objective, risks, charges, and expenses. The Portfolio's prospectus contains this and other information about the Portfolio, and may be obtained by asking your financial advisor, calling us at (800) 992-3863, or visiting our website at [www.alger.com](http://www.alger.com), or contacting the Portfolio's distributor, Fred Alger & Company, Incorporated, 111 Fifth Avenue, New York 10003. Member NYSE Euronext, SIPC. Read the prospectus carefully before investing.**

**NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.**

**HYPOTHETICAL \$10,000 INVESTMENT IN CLASS O SHARES**

— 10 years ended June 30, 2009



The chart above illustrates the growth in value of a hypothetical \$10,000 investment made in Alger American MidCap Growth Class O shares and Russell Midcap Growth Index (an unmanaged index of common stocks) for the ten years ended June 30, 2009. Figures for the Alger American MidCap Growth Class O shares and Russell Midcap Growth Index include reinvestment of dividends. Performance for the Alger American MidCap Growth Class S shares will vary from the results shown above due to differences in expenses that class bears.

**PERFORMANCE COMPARISON AS OF 6/30/09**

	AVERAGE ANNUAL TOTAL RETURNS			
	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION
<b>Class O (Inception 5/3/93)</b>	(40.53)%	(3.25)%	1.10%	9.23%
Russell Midcap Growth Index	(30.33)%	(0.44)%	0.02%	6.83%
<b>Class S (Inception 5/1/02)</b>	(40.69)%	(3.51)%	n/a	(0.37)%
Russell Midcap Growth Index	(30.33)%	(0.44)%	n/a	2.02%

*The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal will fluctuate and the Portfolio's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. For performance current to the most recent month end, visit us at [www.alger.com](http://www.alger.com) or call us at (800) 992-3863.*

*Returns indicated assume reinvestment of all distributions, no transaction costs or taxes, and are net of management fees and fund operating expenses only. Total return does not include deductions at the portfolio or contract level for cost of insurance charges, premium load, administrative charges, mortality and expense risk charges or other charges that may be incurred under the variable annuity contract, variable life insurance plan or retirement plan for which the portfolio serves as an underlying investment vehicle. If these charges were deducted, the total return figures would be lower. Please refer to the variable insurance product or retirement plan disclosure documents for any additional applicable expenses. Investing in the stock market involves gains and losses and may not be suitable for all investors.*

**THE ALGER AMERICAN FUND**  
**Alger American MidCap Growth Portfolio**  
**PORTFOLIO SUMMARY†**  
June 30, 2009 (Unaudited)

SECTORS

Consumer Discretionary	14.9%
Consumer Staples	5.2
Energy	8.0
Financials	8.9
Health Care	17.1
Industrials	8.6
Information Technology	26.3
Materials	2.2
Telecommunication Services	2.8
Utilities	0.4
Short-Term and Net Other Assets	5.6
	<b>100.0%</b>

† Based on net assets for the Portfolio.

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**THE ALGER AMERICAN FUND | ALGER AMERICAN MIDCAP GROWTH PORTFOLIO**  
**Schedule of Investments† (Unaudited) June 30, 2009**

<b>COMMON STOCKS—93.0%</b>	<b>SHARES</b>	<b>VALUE</b>
<b>AEROSPACE &amp; DEFENSE—0.7%</b>		
BE Aerospace Inc.*	80,650	1,158,134
<b>APPAREL RETAIL—1.4%</b>		
Chico's FAS Inc. *	82,000	797,860
TJX Cos Inc.	43,800	1,377,948
		<b>2,175,808</b>
<b>APPLICATION SOFTWARE—4.0%</b>		
Ansys Inc. *	13,900	433,124
Informatica Corp. *	71,300	1,225,647
Intuit Inc. *	54,800	1,543,168
Salesforce.com Inc. *	12,300	469,491
SolarWinds Inc. *	80,800	1,332,392
Solera Holdings Inc. *	22,700	576,580
TIBCO Software Inc. *	95,000	681,150
		<b>6,261,552</b>
<b>ASSET MANAGEMENT &amp; CUSTODY BANKS—2.1%</b>		
Affiliated Managers Group Inc. *	7,600	442,244
AllianceBernstein Holding LP	41,500	833,735
Cohen & Steers Inc	31,100	464,945
Invesco Ltd.	92,200	1,643,004
		<b>3,383,928</b>
<b>AUTOMOBILE MANUFACTURERS—0.5%</b>		
Honda Motor Co., Ltd.	26,400	727,823
<b>BIOTECHNOLOGY—3.6%</b>		
Alexion Pharmaceuticals Inc. *	30,000	1,233,600
Celgene Corp. *	29,100	1,392,144
Cephalon Inc. *	20,500	1,161,325
Metabolix Inc. *	163,700	1,345,614
OSI Pharmaceuticals Inc. *	21,000	592,830
		<b>5,725,513</b>
<b>CASINOS &amp; GAMING—1.8%</b>		
International Game Technology	91,800	1,459,620
Las Vegas Sands Corp. *	182,800	1,436,808
		<b>2,896,428</b>
<b>COAL &amp; CONSUMABLE FUELS—0.5%</b>		
Patriot Coal Corp.*	126,200	805,156
<b>COMMUNICATIONS EQUIPMENT—2.6%</b>		
Brocade Communications Systems Inc. *	161,500	1,262,930
Research In Motion Ltd. *	19,400	1,378,370
Riverbed Technology Inc. *	36,300	841,797
Starent Networks Corp. *	25,500	622,455
		<b>4,105,552</b>
<b>COMPUTER &amp; ELECTRONICS RETAIL—1.1%</b>		
Best Buy Co., Inc.	14,300	478,907
GameStop Corp., Cl. A *	55,200	1,214,952
		<b>1,693,859</b>
<b>COMPUTER HARDWARE—1.7%</b>		
Apple Inc.*	19,100	2,720,413
<b>COMPUTER STORAGE &amp; PERIPHERALS—1.6%</b>		
NetApp Inc. *	86,300	1,701,836
Seagate Technology	76,500	800,190
		<b>2,502,026</b>
<b>CONSUMER ELECTRONICS—0.7%</b>		
Harman International Industries Inc.	61,600	1,158,080
<b>DATA PROCESSING &amp; OUTSOURCED SERVICES—2.0%</b>		
Affiliated Computer Services Inc., Cl. A *	45,300	2,012,226
Companhia Brasileira de Meios de Pagamento *	5,000	42,989
Mastercard Inc.	6,700	1,120,977
		<b>3,176,192</b>
<b>EDUCATION SERVICES—1.4%</b>		
Corinthian Colleges Inc. *	96,200	1,628,666

**THE ALGER AMERICAN FUND | ALGER AMERICAN MIDCAP GROWTH PORTFOLIO**  
**Schedule of Investments† (Continued) (Unaudited) June 30, 2009**

ITT Educational Services Inc. *	4,900	493,234
		<b>2,121,900</b>
<b>ELECTRICAL COMPONENTS &amp; EQUIPMENT—2.7%</b>		
AMETEK Inc.	35,800	1,237,964
First Solar Inc. *	11,500	1,864,380
General Cable Corp. *	24,700	928,226
		<b>4,030,570</b>
<b>FOOD RETAIL—2.5%</b>		
Kroger Co., /The	67,300	1,483,965
Whole Foods Market Inc.	125,600	2,383,888
		<b>3,867,853</b>
<b>FOOTWEAR—0.9%</b>		
Iconix Brand Group Inc.*	92,297	<b>1,419,528</b>
<b>GENERAL MERCHANDISE STORES—0.5%</b>		
Dollar Tree Inc.*	17,800	<b>749,380</b>
<b>GOLD—0.9%</b>		
Yamana Gold Inc.	166,000	<b>1,467,440</b>
<b>HEALTH CARE EQUIPMENT—2.0%</b>		
Covidien PLC	32,900	1,231,776
Insulet Corp. *	141,600	1,090,320
St. Jude Medical Inc. *	18,300	752,130
		<b>3,074,226</b>
<b>HEALTH CARE FACILITIES—1.4%</b>		
Community Health Systems Inc. *	25,800	651,450
Universal Health Services Inc., Cl. B	12,500	610,625
VCA Antech Inc. *	35,400	945,180
		<b>2,207,255</b>
<b>HEALTH CARE SERVICES—2.0%</b>		
DaVita Inc. *	14,900	736,954
Express Scripts Inc. *	33,900	2,330,625
		<b>3,067,579</b>
<b>HEAVY ELECTRICAL EQUIPMENT—0.9%</b>		
Vestas Wind Systems A/S*	19,500	<b>1,397,527</b>
<b>HOME ENTERTAINMENT SOFTWARE—3.0%</b>		
Activision Blizzard Inc. *	120,800	1,525,704
Nintendo Co., Ltd. #	69,950	2,411,177
Rosetta Stone Inc. *	30,500	836,920
		<b>4,773,801</b>
<b>HOMEBUILDING—0.4%</b>		
KB Home	51,200	<b>700,416</b>
<b>INDUSTRIAL GASES—1.1%</b>		
Praxair Inc.	22,800	<b>1,620,396</b>
<b>INDUSTRIAL MACHINERY—2.0%</b>		
Clarcor Inc.	58,200	1,698,858
SPX Corp.	29,000	1,420,130
		<b>3,118,988</b>
<b>INTERNET RETAIL—1.4%</b>		
Expedia Inc. *	105,600	1,595,616
Shutterfly Inc. *	44,600	622,170
		<b>2,217,786</b>
<b>INTERNET SOFTWARE &amp; SERVICES—3.7%</b>		
eBay Inc. *	141,400	2,422,182
IAC/InterActiveCorp. *	117,600	1,887,480
OpenTable Inc. *	13,300	401,261
Yahoo! Inc. *	71,000	1,111,860
		<b>5,822,783</b>
<b>INVESTMENT BANKING &amp; BROKERAGE—0.6%</b>		
Lazard Ltd., Cl. A	34,600	<b>931,432</b>
<b>IT CONSULTING &amp; OTHER SERVICES—1.7%</b>		
Cognizant Technology Solutions Corp., Cl. A*	99,800	<b>2,664,660</b>
<b>LIFE &amp; HEALTH INSURANCE—1.0%</b>		
Prudential Financial Inc.	41,300	<b>1,537,186</b>

**THE ALGER AMERICAN FUND | ALGER AMERICAN MIDCAP GROWTH PORTFOLIO**  
**Schedule of Investments† (Continued) (Unaudited) June 30, 2009**

<b>LIFE SCIENCES TOOLS &amp; SERVICES—2.4%</b>		
Charles River Laboratories International Inc. *	47,200	1,593,000
Icon PLC #*	97,600	2,106,208
		<b>3,699,208</b>
<b>MANAGED HEALTH CARE—0.6%</b>		
Aetna Inc.	37,300	934,365
<b>MOVIES &amp; ENTERTAINMENT—1.0%</b>		
Regal Entertainment Group, Cl. A	122,900	1,633,341
<b>MULTI-UTILITIES—0.4%</b>		
Veolia Environnement#	19,300	570,122
<b>OFFICE REITS—0.3%</b>		
Mack-Cali Realty Corp.	20,600	469,680
<b>OIL &amp; GAS DRILLING—1.0%</b>		
Transocean Ltd.*	20,500	1,522,945
<b>OIL &amp; GAS EQUIPMENT &amp; SERVICES—0.7%</b>		
Smith International Inc.	40,500	1,042,875
<b>OIL &amp; GAS EXPLORATION &amp; PRODUCTION—5.1%</b>		
Anadarko Petroleum Corp.	16,600	753,474
Chesapeake Energy Corp.	19,800	392,634
Concho Resources Inc. *	41,800	1,199,242
Linc Energy Ltd. *	305,300	377,634
Nexen Inc.	89,700	1,942,005
Plains Exploration & Production Co. *	69,600	1,904,256
Quicksilver Resources Inc. *	171,500	1,593,235
		<b>8,162,480</b>
<b>OIL &amp; GAS REFINING &amp; MARKETING—0.3%</b>		
NuStar Energy LP	7,300	394,419
<b>OTHER DIVERSIFIED FINANCIAL SERVICES—1.0%</b>		
BM&F BOVESPA SA	255,702	1,536,978
<b>PACKAGED FOODS &amp; MEATS—2.0%</b>		
General Mills Inc.	34,300	1,921,486
Ralcorp Holdings Inc. *	21,000	1,279,320
		<b>3,200,806</b>
<b>PHARMACEUTICALS—5.1%</b>		
Allergan Inc.	14,600	694,668
Ardea Biosciences Inc. *	8,600	135,364
Auxilium Pharmaceuticals Inc. *	38,500	1,208,130
Medicis Pharmaceutical Corp., Cl. A	72,100	1,176,672
Optimer Pharmaceuticals Inc. *	129,400	1,937,118
Shire PLC #	16,800	696,864
Teva Pharmaceutical Industries Ltd. #	47,000	2,318,980
		<b>8,167,796</b>
<b>PUBLISHING—0.5%</b>		
McGraw-Hill Cos. Inc., /The	24,400	734,684
<b>REGIONAL BANKS—0.8%</b>		
Regions Financial Corp.	325,900	1,316,636
<b>RESEARCH &amp; CONSULTING SERVICES—1.3%</b>		
FTI Consulting Inc.*	41,600	2,109,952
<b>RESTAURANTS—1.6%</b>		
McCormick & Schmick's Seafood Restaurants Inc. *	102,800	782,308
Starbucks Corp. *	120,900	1,679,301
		<b>2,461,609</b>
<b>RETAIL REITS—0.3%</b>		
Simon Property Group Inc.	9,334	480,048
<b>SECURITY &amp; ALARM SERVICES—1.0%</b>		
Geo Group Inc., /The*	86,600	1,609,028
<b>SEMICONDUCTORS—5.7%</b>		
Altera Corp.	52,500	854,700
Atheros Communications Inc. *	67,200	1,292,928
Broadcom Corp., Cl. A *	84,900	2,104,670
Marvell Technology Group Ltd. *	152,700	1,777,428
Mellanox Technologies Ltd. *	69,200	832,476

**THE ALGER AMERICAN FUND | ALGER AMERICAN MIDCAP GROWTH PORTFOLIO**  
**Schedule of Investments** ‡ (Continued) (Unaudited) June 30, 2009

Monolithic Power Systems Inc. *	19,500	436,995
ON Semiconductor Corp. *	120,100	823,886
Skyworks Solutions Inc. *	78,300	765,774
		<b>8,888,857</b>
<b>SOFT DRINKS—0.7%</b>		
Hansen Natural Corp.*	37,700	1,161,914
<b>SPECIALIZED FINANCE—1.1%</b>		
NYSE Euronext	63,700	1,735,825
<b>SPECIALIZED REITS—0.7%</b>		
Host Hotels & Resorts Inc.	122,000	1,023,580
<b>SPECIALTY CHEMICALS—0.2%</b>		
Nalco Holding Co.	22,800	383,952
<b>SPECIALTY STORES—1.4%</b>		
Dick's Sporting Goods Inc. *	20,300	349,160
PetSmart Inc.	83,900	1,800,494
		<b>2,149,654</b>
<b>SYSTEMS SOFTWARE—0.3%</b>		
Red Hat Inc.*	20,800	418,704
<b>THRIFTS &amp; MORTGAGE FINANCE—1.0%</b>		
People's United Financial Inc.	50,100	753,504
TFS Financial Corp.	70,000	743,400
		<b>1,496,904</b>
<b>WIRELESS TELECOMMUNICATION SERVICES—2.1%</b>		
American Tower Corp., Cl. A *	61,700	1,945,401
SBA Communications Corp. *	53,900	1,322,706
		<b>3,268,107</b>
<b>TOTAL COMMON STOCKS</b> (Cost \$153,022,518)		<b>145,855,639</b>
	<b>PRINCIPAL</b>	<b>VALUE</b>
<b>CORPORATE BONDS—0.3%</b>		
<b>CASINOS &amp; GAMING—0.3%</b>		
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., 6.63%, 12/1/14 <sup>L2</sup> (Cost \$387,529)	449,000	397,365
	<b>PRINCIPAL</b>	<b>VALUE</b>
<b>CONVERTIBLE CORPORATE BONDS—1.1%</b>		
<b>OIL &amp; GAS DRILLING—0.4%</b>		
Transocean Inc., 1.50%, 12/15/37 <sup>L2</sup>	740,000	655,825
<b>WIRELESS TELECOMMUNICATION SERVICES—0.7%</b>		
SBA Communications Corp, 4.00%, 10/1/14 <sup>L2(a)</sup>	1,080,000	1,090,800
<b>TOTAL CONVERTIBLE CORPORATE BONDS</b> (Cost \$1,838,304)		<b>1,746,625</b>
	<b>PRINCIPAL</b>	<b>VALUE</b>
<b>SHORT-TERM INVESTMENTS—4.7%</b>		
<b>TIME DEPOSITS—4.7%</b>		
Citibank London, 0.03%, 7/1/09	6,000,000	6,000,000
Wells Fargo Grand Cayman, 0.03%, 7/1/09	1,334,673	1,334,673
<b>TOTAL TIME DEPOSITS</b> (Cost \$7,334,673)		<b>7,334,673</b>
Total Investments (Cost \$162,583,024)(b)	99.1%	155,334,302
Other Assets in Excess of Liabilities	0.9	1,440,474
<b>NET ASSETS</b>	<b>100.0%</b>	<b>\$ 156,774,776</b>

‡ Securities classified as Level 1 for FAS 157 disclosure purposes based on valuation inputs unless otherwise noted. See Note 4 to the Financial Statements.

\* Non-income producing security.

# American Depositary Receipts.

(a) Pursuant to Securities and Exchange Commission Rule 144A, these securities may be sold prior to their maturity only to qualified institutional buyers. These securities are deemed to be liquid and represent 0.7% of the net assets of the Fund.

(b) At June 30, 2009, the net unrealized depreciation on investments, based on cost for federal income tax purposes of \$175,026,824 amounted to \$19,692,522 which consisted of aggregate gross unrealized appreciation of \$9,061,864 and aggregate gross unrealized depreciation of \$28,754,386.  
L2 Security classified as Level 2 for FAS 157 disclosure purposes based on valuation inputs. See Note 4 to the Financial Statements.

**See Notes to Financial Statements.**

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**THE ALGER AMERICAN FUND**  
**Alger American MidCap Growth Portfolio**  
**Statement of Assets and Liabilities (Unaudited) June 30, 2009**

<b>ASSETS:</b>	
Investments in securities, at value (Identified cost)* see accompanying schedule of investments	\$ 155,334,302
Cash	184,897
Receivable for investment securities sold	9,135,312
Receivable for shares of beneficial interest sold	100,074
Dividends and interest receivable	56,934
Prepaid Expenses	12,969
<b>Total Assets</b>	<b>164,824,487</b>
<b>LIABILITIES:</b>	
Payable for investment securities purchased	7,481,808
Payable for foreign currency contracts	16
Payable for shares of beneficial interest redeemed	350,195
Accrued investment advisory fees	105,089
Accrued transfer agent fees	8,957
Accrued distribution fees	1,702
Accrued administrative fees	3,803
Accrued other expenses	98,142
<b>Total Liabilities</b>	<b>8,049,711</b>
<b>NET ASSETS</b>	<b>\$ 156,774,776</b>
<b>Net Assets Consist of:</b>	
Paid in capital	299,692,823
Undistributed net investment income	49,019
Undistributed net realized gain (accumulated loss)	(135,718,578)
Net unrealized depreciation on investments	(7,248,487)
<b>NET ASSETS</b>	<b>\$ 156,774,776</b>
<b>Class O — Net Asset Value Per Share</b>	<b>\$8.45</b>
<b>Class S — Net Asset Value Per Share</b>	<b>\$8.22</b>
<b>SHARES OF BENEFICIAL INTEREST OUTSTANDING— NOTE 7</b>	
<b>Class O</b>	<b>17,642,156</b>
<b>Class S</b>	<b>936,445</b>
*Identified Cost	\$ 162,583,024

**THE ALGER AMERICAN FUND**  
**Alger American MidCap Growth Portfolio**  
**Statement of Operations (Unaudited)**  
For the six months ended June 30, 2009

<b>INCOME:</b>		
Dividends (net of foreign withholding taxes*)	\$	522,612
Interest (net of foreign withholding taxes*)		25,809
Other		19
<b>Total Income</b>		<b>548,440</b>
<b>EXPENSES</b>		
Advisory fees—Note 3(a)		525,672
Distribution fees—Note 3(b):		
Class S		8,764
Administrative fees—Note 3(a)		19,021
Custodian fees		45,370
Transfer agent fees and expenses—Note 3(e)		22,112
Prepaid expenses		21,842
Printing fees		24,680
Professional fees		29,143
Trustee fees—Note 3(f)		6,447
Miscellaneous		11,185
<b>Total Expenses</b>		<b>714,236</b>
<b>NET INVESTMENT LOSS</b>		<b>(165,796)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS AND FOREIGN CURRENCY TRANSACTIONS:</b>		
Net realized loss on investments		(22,571,206)
Net realized loss on foreign currency transactions		(3,637)
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations		48,597,566
Net realized and unrealized gain on investments, options and foreign currency		26,022,724
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$</b>	<b>25,856,928</b>
*Foreign withholding taxes	\$	10,549

**THE ALGER AMERICAN FUND**  
**Alger American MidCap Growth Portfolio**  
**Statements of Changes in Net Assets**

	For the Six Months Ended June 30, 2009 (Unaudited)	For the Year Ended December 31, 2008
Net investment loss	\$ (165,796)	\$ (856,287)
Net realized loss on investments, options and foreign currency transactions	(22,574,842)	(108,911,074)
Net change in unrealized appreciation (depreciation) on investments, options and foreign currency translations	48,597,566	(91,513,284)
Net increase (decrease) in net assets resulting from operations	25,856,928	(201,280,645)
Dividends and distributions to shareholders from:		
Net investment income		
Class O	—	(398,813)
Class S	—	—
Net realized gains		
Class O	—	(82,828,139)
Class S	—	(4,538,846)
Total dividends and distributions to shareholders	—	(87,765,798)
Increase (decrease) from shares of beneficial interest transactions:		
Class O	(4,324,023)	35,341,704
Class S	(707,543)	3,543,491
Net increase (decrease) from shares of beneficial interest transactions—Note 7	(5,031,566)	38,885,195
Total increase (decrease)	20,825,362	(250,161,248)
Net Assets:		
Beginning of period	135,949,414	386,110,662
<b>END OF PERIOD</b>	<b>\$ 156,774,776</b>	<b>\$ 135,949,414</b>
Undistributed net investment income	\$ 49,019	\$ 214,815

**THE ALGER AMERICAN FUND**  
**Alger American MidCap Growth Portfolio**  
**Financial Highlights for a share outstanding throughout the period**

ALGER AMERICAN MIDCAP GROWTH PORTFOLIO

	Class O					
	Six months ended 6/30/2009(i)	Year ended 12/31/2008	Year ended 12/31/2007	Year ended 12/31/2006	Year ended 12/31/2005	Year ended 12/31/2004
<b>INCOME FROM INVESTMENT OPERATIONS</b>						
Net asset value, beginning of period	\$ 7.04	\$ 23.62	\$ 20.75	\$ 21.90	\$ 20.80	\$ 18.40
Net investment loss(ii)	(0.01)	(0.05)	(0.07)	(0.09)	(0.31)	(0.11)
Net realized and unrealized gain (loss) on investments	1.42	(10.60)	6.07	2.08	2.22	2.51
Total from investment operations	1.41	(10.65)	6.00	1.99	1.91	2.40
Dividends from net investment income	—	(0.03)	—	—	—	—
Distributions from net realized gains	—	(5.90)	(3.13)	(3.14)	(0.81)	—
Net asset value, end of period	\$ 8.45	\$ 7.04	\$ 23.62	\$ 20.75	\$ 21.90	\$ 20.80
Total return	20.03%	(58.36)%	31.56%	10.14%	9.82%	13.04%
<b>RATIOS/SUPPLEMENTAL DATA:</b>						
Net assets, end of period (000's omitted)	\$ 149,074	\$ 128,806	\$ 367,970	\$ 317,649	\$ 369,157	\$ 482,868
Ratio of gross expenses to average net assets	1.02%	0.92%	0.91%	0.91%	0.86%	0.92%
Ratio of expense reimbursements to average net assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	1.02%	0.92%	0.91%	0.91%	0.86%	0.92%
Ratio of net investment income to average net assets	(0.21)%	(0.33)%	(0.33)%	(0.42)%	(0.45)%	(0.62)%
Portfolio turnover rate	168.19%	353.68%	242.84%	313.80%	226.14%	229.17%

	Class S					
	Six months ended 6/30/2009(i)	Year ended 12/31/2008	Year ended 12/31/2007	Year ended 12/31/2006	Year ended 12/31/2005	Year ended 12/31/2004
<b>INCOME FROM INVESTMENT OPERATIONS</b>						
Net asset value, beginning of period	\$ 6.86	\$ 23.21	\$ 20.48	\$ 21.70	\$ 20.67	\$ 18.33
Net investment loss(ii)	(0.02)	(0.08)	(0.12)	(0.14)	(0.07)	(0.15)
Net realized and unrealized gain (loss) on investments	1.38	(10.37)	5.98	2.06	1.91	2.49
Total from investment operations	1.36	(10.45)	5.86	1.92	1.84	2.34
Distributions from net realized gains	—	(5.90)	(3.13)	(3.14)	(0.81)	—
Net asset value, end of period	\$ 8.22	\$ 6.86	\$ 23.21	\$ 20.48	\$ 21.70	\$ 20.67
Total return	19.83%	(58.47)%	31.27%	9.89%	9.54%	12.77%
<b>RATIOS/SUPPLEMENTAL DATA:</b>						
Net assets, end of period (000's omitted)	\$ 7,701	\$ 7,143	\$ 18,141	\$ 15,133	\$ 10,810	\$ 4,636
Ratio of gross expenses to average net assets	1.27%	1.17%	1.16%	1.17%	1.11%	1.17%
Ratio of expense reimbursements to average net assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	1.27%	1.17%	1.16%	1.17%	1.11%	1.17%
Ratio of net investment income to average net assets	(0.46)%	(0.58)%	(0.57)%	(0.68)%	(0.70)%	(0.82)%
Portfolio turnover rate	168.19%	353.68%	242.84%	313.80%	226.14%	229.17%

<sup>(i)</sup> Unaudited. Ratios have been annualized; total return and portfolio turnover rate have not been annualized.

<sup>(ii)</sup> Amount was computed based on average shares outstanding during the period.

**NOTE 1 — General:**

The Alger American Fund (the “Fund”) is a diversified, open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund operates as a series company currently issuing seven series of shares of beneficial interest: the American Capital Appreciation Portfolio, American LargeCap Growth Portfolio, American MidCap Growth Portfolio, American SMidCap Growth Portfolio, American SmallCap Growth Portfolio, American Income and Growth Portfolio, American Balanced Portfolio. These Financial Statements include only The American MidCap Growth Portfolio (the “Portfolio”). The Portfolio invests primarily in equity securities and has an investment objective of long-term capital appreciation. Shares of the Portfolio are available and are being marketed exclusively as a pooled funding vehicle for qualified retirement plans and for life insurance companies writing all types of variable annuity contracts and variable life insurance policies.

The Portfolio offers Class O and Class S shares. Each class has identical rights to assets and earnings except that only Class S shares have a plan of distribution and bear the related expenses.

**NOTE 2 — Significant Accounting Policies:**

(a) *Investment Valuation:* Investments of the Portfolio are generally valued on each day the New York Stock Exchange (the “NYSE”) is open as of the close of the NYSE (normally 4:00 p.m. Eastern time). Securities for which such information is readily available are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded. In the absence of reported sales, securities are valued at a price within the bid and asked price or, in the absence of a recent bid or asked price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Securities for which market quotations are not readily available or for which the market quotations do not, in the opinion of the investment advisor, reflect the securities true values are valued at fair value, as determined in good faith pursuant to procedures established by the Board of Trustees.

Securities in which the Portfolio invests may be traded in markets that close before the close of the NYSE. Developments that occur between the close of the foreign markets and the close of the NYSE (normally 4:00 p.m. Eastern time) may result in adjustments to closing prices to reflect what the investment advisor, pursuant to policies established by the Board of Trustees, believes to be the fair value of these securities as of the close of the NYSE. The Portfolio may also fair value securities in other situations, for example, when a particular foreign market is closed but the Portfolio is open. Various factors may be reviewed in order to make a good faith determination of a security’s fair value. These factors may include, but are not limited to, the type and cost of the security; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded similar or related securities; conversion or exchange rights on the security; related corporate actions; and changes in overall market conditions.

Securities having a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

DESCRIPTION	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
<b>Alger American MidCap Growth Portfolio</b>				
Investments in securities	\$ 155,334,302	\$ 153,190,312	\$ 2,143,990	\$ —
<b>Total</b>	<b>\$ 155,334,302</b>	<b>\$ 153,190,312</b>	<b>\$ 2,143,990</b>	<b>\$ —</b>

(b) *Security Transactions and Investment Income:* Security transactions are recorded on a trade date basis. Resulting receivables and payables are carried at amounts which approximate fair value. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. Premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities.

(c) *Foreign Currency Transactions:* The books and records of the Portfolio are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of such transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from the disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included in realized and unrealized gain or loss on investments in the Statement of Operations.

(d) *Option Contracts:* When a Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that

expire unexercised are treated by the Portfolio on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Portfolio has realized a gain or loss. If a written put option is exercised, the premium reduces the cost basis of the securities purchased by the Portfolio. The Portfolio as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option. There were no options written for the six months ended June 30, 2009.

The Portfolio may also purchase put and call options. Purchasing call and put options tends to decrease the Portfolio's exposure to the underlying instrument. The Portfolio pays a premium which is included in the Portfolio's Statement of Assets and Liabilities as an investment and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying security to determine the realized gain or loss.

*(e) Lending of Portfolio Securities:* The Portfolio may lend its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one third of the Portfolio's total assets. The Portfolio earns fees on the securities loaned. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash, letters of credit or U.S. Government securities that are maintained in an amount equal to at least 100 percent of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio and any required additional collateral is delivered to the Portfolio on the next business day. There were no securities on loan during the six months ended June 30, 2009.

*(f) Dividends to Shareholders:* Dividends payable to shareholders are recorded by the Portfolio on the ex-dividend date.

Dividends from net investment income are declared and paid annually. Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned. Each class is treated separately in determining the amounts of dividends of net investment income and capital gains payable to holders of its shares.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Therefore, the source of the Portfolio's distributions may be shown in the accompanying financial statements as either from, or in excess of, net investment income or net realized gain on investment transactions, or return of capital, depending on the type of book/tax differences that may exist.

Capital accounts within the financial statements are adjusted for permanent book/tax differences. Reclassifications result primarily from the difference in tax treatment of net operating losses, premium/discount of debt securities, realized gain loss from foreign currency transactions, and realized gains from redemptions in kind, if any. The reclassifications had no impact on the net asset values of the Portfolio and are designed to present the Portfolio's capital accounts on a tax basis.

*(g) Federal Income Taxes:* It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code Subchapter M applicable to regulated investment companies and to distribute all of the taxable income, including net realized capital gains, of the Portfolio to its respective shareholders. Therefore, no federal income tax provision is required. Each Portfolio is treated as a separate entity for the purpose of determining such compliance.

The Fund has adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 requires the Portfolio to measure and recognize in their financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. The Portfolio files income tax returns in the US Federal jurisdiction, as well as the New York State and New York City jurisdictions. Based upon their review of tax positions for the Portfolio's open tax years of 2005-2008 in these jurisdictions, the Funds have determined that FIN 48 did not have a material impact on the Funds' financial statements for the six months ended June 30, 2009.

*(h) Allocation Methods:* The Fund accounts separately for the assets, liabilities and operations of each Portfolio. Expenses directly attributable to each Portfolio are charged to that Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them based on net assets. Income, realized and unrealized gains and losses, and expenses of each Portfolio are allocated among the Portfolio's classes based on relative net assets, with the exception of distribution fees, which are only applicable to Class S shares.

*(i) Estimate:* These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require using estimates and assumptions that affect the reported amounts therein. Actual results may differ from those estimates. These unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim period presented. All such adjustments are of a normal recurring nature.

**NOTE 3 — Investment Advisory Fees and Other Transactions with Affiliates:**

(a) *Investment Advisory and Administration Fees:* Fees incurred by the Portfolio, pursuant to the provisions of the Fund’s Investment Advisory Agreement and Administration Agreement with Fred Alger Management, Inc. (“Alger Management”), are payable monthly and computed based on the average daily net assets of the Portfolio at the following annual rates:

	Advisory Fee	Administration Fee
American MidCap Growth Portfolio	.760%	.0275%

(b) *Distribution Fees:* Class S shares—The Fund has adopted a Distribution Plan pursuant to which Class S shares of each Portfolio pay Fred Alger & Company, Incorporated, the Fund’s distributor (the “Distributor”), a fee at the annual rate of .25% of the respective average daily net assets of the Class S shares of the designated Portfolio to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees paid may be more or less than the expenses incurred by the Distributor.

(c) *Brokerage Commissions:* During the six months ended June 30, 2009, the Portfolio paid the Distributor \$391,353, in connection with securities transactions.

(d) *Shareholder Administrative Fees:* The Fund has entered into a shareholder administrative service agreement with Alger Management to compensate Alger Management on a per account basis for its liaison and administrative oversight of Boston Financial Data Services, Inc., the transfer agent for the Fund (“BFDS”) and other related services. During the six months ended June 30, 2009, the Portfolio incurred fees of \$123, for these services provided by Alger Management which are included in transfer agent fees and expenses in the Statement of Operations.

(e) *Other:* Certain trustees and officers of the Fund are directors and officers of Alger Management and the Distributor. Each Portfolio pays each Trustee who is not affiliated with the Advisor or its affiliates \$500 for each meeting attended, to a maximum of \$2,000 per annum. The Chairman of the Board of Trustees receives an additional annual fee of \$10,000 which is paid, pro rata, by all portfolios managed by Alger Management. Additionally, each member of the audit committee receives an additional \$50 from each Portfolio for each audit committee meeting attended, to a maximum of \$200 per annum.

**NOTE 4 — Fair Value Measurements:**

The Fund has adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”). In accordance with FAS 157, fair value is defined as the price that the fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability and may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the fund. Unobservable inputs are inputs that reflect the Fund’s own assumptions based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – significant other observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The Portfolio’s valuation techniques are consistent with the market approach whereby prices and other relevant information generated by market transactions involving identical or comparable assets are used to measure fair value. Inputs for Level 1 include exchange listed prices and broker quotes in an active market. Inputs for Level 2 include the last trade price in the case of a halted security, a broker quote in an inactive market, an exchange listed price which has been adjusted for fair value factors, and prices of closely related securities. Additional Level 2 inputs include an evaluated price which is based upon on a compilation of observable market information such as spreads for fixed income and preferred securities. Inputs for Level 3 include derived prices from unobservable market information which can include cash flows and other information obtained from a company’s financial statements, or from market indicators such as benchmarks and indices.

The major categories of securities and their respective fair value inputs are detailed in the Portfolio’s Schedule of Investments. The following is a summary of the inputs used as of June 30, 2009 in valuing the Portfolios’ investments carried at fair value:

DESCRIPTION	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
<b>Alger American MidCap Growth Portfolio</b>				
Investments in securities	\$ 155,334,302	\$ 153,190,312	\$ 2,143,990	\$ —
<b>Total</b>	<b>\$ 155,334,302</b>	<b>\$ 153,190,312</b>	<b>\$ 2,143,990</b>	<b>\$ —</b>

**NOTE 5 — Securities Transactions:**

Purchases and sales of securities, other than short-term securities, for the six months ended June 30, 2009, were as follows:

	PURCHASES	SALES
American MidCap Growth Portfolio	\$225,452,491	\$229,890,860

**NOTE 6 — Borrowing:**

The Portfolio may borrow from its custodian on an uncommitted basis. For the six months ended June 30, 2009, the Portfolio had no borrowings.

**NOTE 7 — Share Capital:**

The Fund has an unlimited number of authorized shares of beneficial interest of \$.001 par value which are divided into seven series. During the six months ended June 30, 2009, transactions of shares of beneficial interest were as follows:

	FOR THE SIX MONTHS ENDED JUNE 30, 2009		FOR THE YEAR ENDED DECEMBER 31, 2008	
	SHARES	AMOUNT	SHARES	AMOUNT
<b>ALGER AMERICAN MIDCAP GROWTH PORTFOLIO</b>				
<b>Class O:</b>				
Shares sold	1,562,272	\$ 11,810,054	2,766,354	\$ 37,739,388
Dividends reinvested	—	—	5,578,214	83,226,952
Shares redeemed	(2,224,636)	(16,134,077)	(5,617,654)	(85,624,636)
<b>Net increase (decrease)</b>	<b>(662,364)</b>	<b>\$ (4,324,023)</b>	<b>2,726,914</b>	<b>\$ 35,341,704</b>
<b>Class S:</b>				
Shares sold	56,137	\$ 405,260	161,671	\$ 1,844,043
Dividends reinvested	—	—	311,734	4,538,846
Shares redeemed	(161,404)	(1,112,803)	(213,414)	(2,839,398)
<b>Net increase (decrease)</b>	<b>(105,267)</b>	<b>\$ (707,543)</b>	<b>259,991</b>	<b>\$ 3,543,491</b>

**NOTE 8 — Tax Character of Distributions to Shareholders:**

The tax character of distributions paid during the six months ended June 30, 2009 and the year ended December 31, 2008 was as follows:

	SIX MONTHS ENDED June 30, 2009	YEAR ENDED December 31, 2008
<b>American MidCap Growth Portfolio</b>		
Distributions paid from:		
Ordinary Income	—	\$ 77,440,191
Long-term capital gain	—	10,325,607
<b>Total distributions paid</b>	<b>—</b>	<b>\$ 87,765,798</b>

As of December 31, 2008, the components of distributable earnings on a tax basis were as follows:

<b>AMERICAN MIDCAP GROWTH PORTFOLIO</b>	
Undistributed ordinary income	\$ —
Undistributed long-term gain	—
Unrealized appreciation (depreciation)	\$ (68,289,853)

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is determined annually and is attributable primarily to the tax deferral of losses on wash sales and straddles, the tax treatment of premium/discount on debt securities, realization of unrealized appreciation of Passive Foreign Investment Companies and return of capital from Real Estate Investment Trust investments.

At December 31, 2008, the Portfolio, for federal income tax purposes, had a capital loss carryforward of \$56,196,998 which expires in 2016. This amount may be applied against future net realized gains until the earlier of their utilization or expiration.

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**NOTE 9 — Litigation:**

The Manager has responded to inquiries, document requests and/or subpoenas from various regulatory authorities in connection with their investigations of practices in the mutual fund industry identified as "market timing" and "late trading." On October 11, 2006, the Manager, the Distributor and Alger Shareholder Services, Inc. executed an Assurance of Discontinuance with the Office of the New York State Attorney General ("NYAG"). On January 18, 2007, the Securities and Exchange Commission (the "SEC") approved a settlement with the Manager and the Distributor. As part of the settlements with the NYAG and the SEC, without admitting or denying liability, the firms consented to the payment of \$30 million to reimburse fund shareholders; a fine of \$10 million; and certain other remedial measures including a reduction in management fees of \$1 million per year for five years. The \$40 million was paid into an SEC Fair Fund for distribution to investors.

On August 31, 2005, the West Virginia Securities Commissioner (the "WVSC"), in an ex parte Summary Order to Cease and Desist and Notice of Right to Hearing, concluded that the Manager and the Distributor had violated the West Virginia Uniform Securities Act (the "WVUSA"), and ordered the Manager and the Distributor to cease and desist from further violations of the WVUSA by engaging in the market-timing-related conduct described in the order. The ex parte order provided notice of their right to a hearing with respect to the violations of law asserted by the WVSC. Other firms unaffiliated with the Manager were served with similar orders. The Manager and the Distributor intend to request a hearing for the purpose of seeking to vacate or modify the order.

In addition, in 2003 and 2004 several purported class actions and shareholder derivative suits were filed against various parties in the mutual fund industry, including the Manager, certain mutual funds managed by the Manager (the "Alger Mutual Funds"), and certain current and former Alger Mutual Fund trustees and officers, alleging wrongful conduct related to market-timing and late-trading by mutual fund shareholders. These cases were transferred to the U.S. District Court of Maryland by the Judicial Panel on Multidistrict Litigation for consolidated pre-trial proceedings under the caption number 1:04-MD-15863 (JFM). After a number of the claims were dismissed by the court, the Alger-related class and derivative suits were settled in principle, but such settlement remains subject to court approval.

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**NOTE 10 — Subsequent Event:**

The Portfolio has evaluated events that have occurred after June 30, 2009 but before August 13, 2009, the date that these financial statements were issued. No such events have been identified which require recognition as of June 30, 2009.

### Shareholder Expense Example

As a shareholder of a Portfolio, you incur two types of costs: transaction costs, if applicable; and ongoing costs, including management fees, distribution (12b-1) fees, if applicable, and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in a Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The example below is based on an investment of \$1,000 invested at the beginning of the six-month period starting January 1, 2009 and ending June 30, 2009.

### Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line for each class of shares in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios for each class of shares and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in a Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs or deduction of insurance charges against assets or annuities. Therefore, the second line under each class of shares in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value January 1, 2009	Ending Account Value June 30, 2009	Expenses Paid During the Six Months Ended June 30, 2009(a)	Ratio of Expenses to Average Net Assets For the Six Months Ended June 30, 2009(b)
<b>ALGER AMERICAN MIDCAP GROWTH PORTFOLIO</b>					
<b>Class O</b>	Actual	\$ 1,000.00	\$ 1,200.30	\$ 5.66	1.02%
	Hypothetical(c)	1,000.00	1,020.06	5.19	1.02
<b>Class S</b>	Actual	1,000.00	1,198.30	7.04	1.27
	Hypothetical(c)	1,000.00	1,018.80	6.46	1.27

(a) Expenses are equal to the annualized expense ratio of the respective share class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

(b) Annualized

(c) 5% annual return before expenses.

## Proxy Voting Policies

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A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities and the proxy voting record is available, without charge, by calling (800) 992-3863 or online on the Fund's website at <http://www.alger.com> or on the SEC's website at <http://www.sec.gov>

## Fund Holdings

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The Portfolio's most recent month end portfolio holdings are available approximately sixty days after month end on the Fund's website at [www.alger.com](http://www.alger.com). The Portfolio also files its complete schedule of portfolio holdings with the SEC for the first and third quarter of each fiscal year on Form N-Q. Forms N-Q are available online on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. A copy of the most recent quarterly holdings may also be obtained from the Fund by calling (800) 992-3863.

## Change in Independent Registered Public Accounting Firm

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On May 12, 2009, Deloitte & Touche LLP was selected as each Portfolio's independent registered public accounting firm for the 2009 fiscal year. The Audit Committee of the Board of Trustees, along with a majority of each Portfolio's Board of Trustees, including a majority of the Independent Directors, approved the appointment of Deloitte & Touche LLP. The predecessor independent registered public accounting firm's report on the Portfolio's financial statements for the year ended December 31, 2008 and the year ended December 31, 2007 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During such fiscal periods and through May 12, 2009, the day the predecessor independent registered public accounting firm resigned, there were no disagreements between the Portfolios and the predecessor independent registered public accounting firm on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedures, which such disagreements, if not resolved to the satisfaction of the predecessor independent registered public accounting firm, would have caused them to make reference to the subject matter of the disagreement in connection with their reports on the financial statements for such fiscal periods.

**THE ALGER AMERICAN FUND**

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**Investment Advisor**

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Fred Alger Management, Inc.  
111 Fifth Avenue  
New York, NY 10003

**Distributor**

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Fred Alger & Company, Incorporated  
111 Fifth Avenue  
New York, NY 10003

**Transfer Agent and Dividend Disbursing Agent**

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Boston Financial Data Services, Inc.  
P.O. Box 8480  
Boston, MA 02266

This report is submitted for the general information of the shareholders of The Alger American Fund. It is not authorized for distribution to prospective investors unless accompanied by an effective Prospectus for the Trust, which contains information concerning the Trust's investment policies, fees and expenses as well as other pertinent information.

