

DREYFUS HIGH YIELD STRATEGIES FUND
Form N-CSRS
December 01, 2014

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 811-08703

Dreyfus High Yield Strategies Fund
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166
(Address of principal executive offices) (Zip code)

John Pak, Esq.

200 Park Avenue

New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000

Date of fiscal year end: 3/31

Date of reporting period: 9/30/14

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus
High Yield
Strategies Fund

SEMIANNUAL REPORT September 30, 2014

Dreyfus High Yield Strategies Fund

Protecting Your Privacy

Our Pledge to You

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Fund's policies and practices for collecting, disclosing, and safeguarding nonpublic personal information, which may include financial or other customer information. These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund's consumer privacy policy, and may be amended at any time. We'll keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Fund's agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT.

The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.
- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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Dreyfus High Yield
Strategies Fund

The Fund

A LETTER FROM THE PRESIDENT

Dear Shareholder:

This semiannual report for Dreyfus High Yield Strategies Fund covers the six-month period from April 1, 2014, through September 30, 2014. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

High yield bonds continued to gain value over the past 12 months, but returns were more robust over the first half of the reporting period than over the second half. Lower rated, corporate-backed securities generally benefited from strong demand stemming from investors' search for competitive levels of current income in a persistently low interest rate environment. In addition, credit conditions were bolstered by economic recoveries in the United States and other parts of the world, which were fueled by stimulative monetary policies. However, global economic growth has been dampened to a degree by a combination of headwinds from fiscal tightening, private sector deleveraging, and more restrictive financial regulation.

We expect the U.S. economic expansion to accelerate as these drags on economic growth fade. Meanwhile, domestic inflation appears to be drifting upwards towards the Federal Reserve Board's target. Although stronger growth and higher inflation tend to hurt the more interest rate-sensitive bond market sectors, they could prove positive for high yield securities that historically have been more sensitive to changes in underlying business conditions. As always, we encourage you to discuss our observations with your financial adviser to assess their potential impact on your investments.

Thank you for your continued confidence and support.

J. Charles Cardona
President
The Dreyfus Corporation
October 15, 2014

DISCUSSION OF FUND PERFORMANCE

For the period of April 1, 2014, through September 30, 2014, as provided by Chris Barris, Portfolio Manager

Fund and Market Performance Overview

For the six-month period ended September 30, 2014, Dreyfus High Yield Strategies Fund produced a total return of -0.14% (on a net asset value basis) and provided aggregate income dividends of \$0.186 per share.¹ In comparison, the BofA Merrill Lynch U.S. High Yield Master II Constrained Index (the "Index"), the fund's benchmark, achieved a total return of 0.60% for the same period.²

Despite strong underlying fundamentals, high yield bonds encountered challenging market conditions stemming from unfavorable supply-and-demand dynamics over the summer of 2014. The fund produced a lower return than its benchmark, mainly due to a relatively short average duration during a time of falling long-term interest rates. Fund fees and expenses that are not reflected in the benchmark's results also weighed on the fund's relative performance.

The Fund's Investment Approach

The fund primarily seeks high current income. The fund also seeks capital growth as a secondary objective, to the extent consistent with its objective of seeking high current income. The fund invests primarily in fixed-income securities of below investment-grade credit quality. Issuers of below investment-grade securities may include companies in early stages of development and companies with a highly leveraged financial structure. To compensate investors for taking on greater risk, such companies typically must offer higher yields than those offered by more established or conservatively financed companies.

Technical Factors Dampened Returns from High Yield Bonds

In the months before the start of the reporting period, long-term interest rates had moderated from multi-year highs due to renewed economic and geopolitical concerns in overseas markets. A U.S. economic soft patch caused by unusually harsh

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DISCUSSION OF FUND PERFORMANCE *(continued)*

winter weather also put downward pressure on long-term rates. These worries proved short-lived, however, and the economic recovery got back on track in the spring amid robust corporate earnings growth, healthy balance sheets, and low default rates among issuers of high yield bonds.

In spite of the market's strong underlying fundamentals, high yield bond prices were hurt at times during the reporting period by changing supply-and-demand dynamics. Concerns regarding renewed economic weakness in Europe and intensifying conflicts in Ukraine and the Middle East caused capital to flow away from the asset class and toward traditional safe havens over the summer of 2014. At the same time, the supply of newly issued high yield securities remained robust as companies continued to refinance seasoned debt at lower rates, approximately matching the record issuance levels reached over the same period in 2013. The resulting supply-and-demand imbalance caused high yield bond prices to decline, offsetting earlier gains.

Short Duration Dampened Relative Performance

In this challenging environment, the fund's performance compared to its benchmark was constrained by overweighted exposure to higher coupon bonds with relatively short maturities. While these securities helped boost the fund's ability to generate competitive levels of current income, their maturity profiles contributed to a relatively short duration posture for the fund overall. A short average duration effectively prevented the fund from participating more fully in the benefits of falling long-term interest rates.

From a security selection perspective, the fund also was hurt by underweighted exposure to bonds from the utilities sector, which did not meet our investment criteria but outperformed market averages. Among individual positions, company-specific problems affecting a drilling company in the energy sector caused its bonds to rank among the fund's greater laggards.

The fund achieved better relative performance in other areas. Our security selection strategy was especially successful in the information technology sector, where the fund held overweighted exposure. On the other hand, the fund avoided the full brunt of weakness among metals-and-mining companies through underweighted positions in the materials sector. Results from individual bonds were particularly robust for securities issued by an insurance company, a container manufacturer, and a casino operator.

Strategies for a Changing Market Environment

In light of an impressive 4.6% annualized U.S. GDP growth rate over the second quarter of 2014 and expectations of similar strength in the third quarter, we remain optimistic regarding fundamentals in the high yield bond market, and we expect default rates to remain low over the foreseeable future. In addition, yield differences between high yield bonds and U.S. Treasury securities have increased after recent bouts of market weakness, making valuations more attractive. Consequently, we have identified an ample number of high yield securities meeting our investment criteria across a broad range of industry groups. The fund ended the reporting period with relatively heavy exposure to bonds from companies in the paper-and-packaging, services, and information technology industry groups. On the other hand, the fund held underweighted exposure to high yield bonds from retailers and metals-and-mining companies. Of course, we are prepared to adjust our strategies and the fund's composition as economic and market conditions evolve.

October 15, 2014

Bond funds are subject generally to interest rate, credit, liquidity, and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. High yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity. The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative. Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share.

1 Past performance is no guarantee of future results. Share price, yield, and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. Return figure provided reflects the absorption of certain fund expenses by The Dreyfus Corporation during the period. Had these expenses not been absorbed, the fund's return would have been lower.

2 SOURCE: FACTSET — Reflects reinvestment of dividends and, where applicable, capital gain distributions. On September 25, 2009, the Merrill Lynch U.S. HighYield Master II Constrained Index was renamed the BofA Merrill Lynch U.S. HighYield Master II Constrained Index (the "Index"). The Index is an unmanaged performance benchmark composed of U.S. dollar-denominated domestic and Yankee bonds rated below investment grade with at least \$100 million par amount outstanding and at least one year remaining to maturity. Bonds are capitalization-weighted. Total allocations to an issuer are capped at 2%. Investors cannot invest directly in any index. On July 23, 2014, the Board of Trustees of the fund approved a revised Investment Management and Administration Agreement between the fund and The Dreyfus Corporation, the fund's investment adviser ("Dreyfus"), to reflect a reduction to the investment management and administration fee of the fund, effective August 1, 2014. The investment management and administration fee had been computed at the annual rate of .90% of the value of the fund's average weekly total assets minus the sum of accrued liabilities (other than the aggregate indebtedness constituting financial leverage) (the "Managed Assets") and, effective August 1, 2014, the investment management and administration fee is computed at the annual rate of .75% of the value of the fund's Managed Assets. Dreyfus had been waiving receipt of a portion of the fund's investment management and administration fee in the amount of .15% of the Managed Assets but, in light of the reduction of the investment management and administration fee, that waiver was terminated, effective August 1, 2014.

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STATEMENT OF INVESTMENTS

September 30, 2014 (Unaudited)

	Coupon Rate (%)	Maturity Date	Principal Amount (\$) ^a	Value (\$)
Bonds and Notes—137.1%				
Casinos—5.4%				
AMC Entertainment, Gtd. Notes	9.75	12/1/20	3,715,000 ^b	4,109,719
MGM Resorts International, Gtd. Notes	7.75	3/15/22	740,000 ^b	825,100
MGM Resorts International, Gtd. Notes	10.00	11/1/16	2,370,000 ^b	2,684,025
MGM Resorts International, Gtd. Notes	11.38	3/1/18	3,940,000 ^b	4,728,000
Pinnacle Entertainment, Gtd. Notes	7.50	4/15/21	1,695,000 ^b	1,771,275
Pinnacle Entertainment, Gtd. Notes	8.75	5/15/20	1,095,000 ^b	1,163,437
				15,281,556
Consumer Discretionary—21.0%				
Accudyne Industries, Gtd. Notes	7.75	12/15/20	1,340,000 ^{b,c}	1,396,950
AMC Networks, Gtd. Notes	7.75	7/15/21	1,215,000 ^b	1,330,425
Cablevision Systems, Sr. Unscd. Notes	8.00	4/15/20	555,000 ^b	612,581
Cablevision Systems, Sr. Unscd. Notes	8.63	9/15/17	2,675,000 ^b	2,979,281
CCO Holdings, Gtd. Notes	6.63	1/31/22	1,445,000 ^b	1,522,669
CCO Holdings, Gtd. Notes	8.13	4/30/20	1,350,000 ^b	1,429,313
Chrysler Group, Scd. Notes	8.25	6/15/21	3,660,000 ^b	4,007,700
Cirsa Funding Luxembourg, Gtd. Notes	EUR 8.75	5/15/18	195,000	255,840
Clear Channel Worldwide Holdings, Gtd. Notes, Ser. B	7.63	3/15/20	2,525,000 ^b	2,632,313

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CSC Holdings, Sr. Unscd. Notes	7.63	7/15/18	1,000,000 ^b	1,121,250
Cumulus Media Holdings, Gtd. Notes	7.75	5/1/19	1,765,000 ^b	1,815,744
DriveTime Automotive Group, Sr. Scd. Notes	8.00	6/1/21	1,185,000 ^{b,c}	1,134,638

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Bonds and Notes (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$) ^a	Value (\$)
Consumer Discretionary (continued)				
Ferrellgas Partners, Sr. Unscd. Notes	8.63	6/15/20	2,785,000 ^b	2,910,325
Goodyear Tire & Rubber, Gtd. Notes	8.25	8/15/20	1,450,000 ^b	1,558,750
Hillman Group, Sr. Unscd. Notes	6.38	7/15/22	1,265,000 ^{b,c}	1,230,212
iHeartCommunications, Sr. Scd. Notes	9.00	12/15/19	1,865,000 ^b	1,885,981
iHeartCommunications, Sr. Scd. Notes	9.00	3/1/21	675,000 ^b	674,156
iHeartCommunications, Gtd. Notes	14.00	2/1/21	1,097,668	1,007,110
Lear, Gtd. Notes	8.13	3/15/20	480,000 ^b	507,600
Nara Cable Funding, Sr. Scd. Notes	8.88	12/1/18	1,200,000 ^{b,c}	1,264,500
Neiman Marcus Group, Gtd. Notes	8.00	10/15/21	970,000 ^{b,c}	1,013,650
Neiman Marcus Group, Gtd. Notes	8.75	10/15/21	965,000 ^{b,c}	1,020,487
New Look Bondco I, Sr. Scd. Notes	8.38	5/14/18	995,000 ^{b,c}	1,048,481
Nexstar Broadcasting, Gtd. Notes	6.88	11/15/20	1,615,000 ^b	1,663,450
Ono Finance II, Gtd. Notes	10.88	7/15/19	1,370,000 ^{b,c}	1,479,600
RCN Telecom Services, Sr. Unscd. Notes	8.50	8/15/20	1,705,000 ^{b,c}	1,747,625
Rite Aid, Gtd. Notes	6.75	6/15/21	1,860,000 ^b	1,911,150
Schaeffler Finance, Sr. Scd. Notes	7.75	2/15/17	390,000 ^{b,c}	426,075
Shea Homes Funding, Sr. Scd. Notes	8.63	5/15/19	3,200,000 ^b	3,392,000
Standard Pacific, Gtd. Notes	8.38	5/15/18	2,025,000 ^b	2,308,500

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StoneMor Partners,

Gtd. Notes	7.88	6/1/21	1,540,000 ^{b,c}	1,593,900
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STATEMENT OF INVESTMENTS (Unaudited) (continued)

	Coupon Rate (%)	Maturity Date	Principal Amount (\$) ^a	Value (\$)
Bonds and Notes (continued)				
Consumer Discretionary				
(continued)				
Taylor Morrison Communities, Gtd. Notes	7.75	4/15/20	430,000 ^{b,c}	462,250
Taylor Morrison Communities, Gtd. Notes	7.75	4/15/20	2,305,000 ^{b,c}	2,477,875
Townsquare Radio, Gtd. Notes	9.00	4/1/19	1,350,000 ^{b,c}	1,461,375
Unitymedia, Gtd. Notes	EUR 9.63	12/1/19	1,310,000	1,753,881
Unitymedia Hessen & Co., Sr. Scd. Notes	7.50	3/15/19	1,870,000 ^{b,c}	1,986,875
Wave Holdco, Sr. Unscd. Notes	8.25	7/15/19	1,125,000 ^{b,c}	1,158,750
William Lyon Homes, Gtd. Notes	8.50	11/15/20	1,610,000 ^b	1,746,850
				59,930,112
Consumer Staples—2.7%				
Albea Beauty Holdings, Sr. Scd. Notes	8.38	11/1/19	1,890,000 ^{b,c}	2,024,663
Bakkavor Finance 2, Sr. Scd. Notes	GBP 8.75	6/15/20	525,000	903,441
Pinnacle Operating, Scd. Notes	9.00	11/15/20	985,000 ^{b,c}	1,053,950
Post Holdings, Gtd. Notes	7.38	2/15/22	3,380,000 ^b	3,354,650
RSI Home Products, Scd. Notes	6.88	3/1/18	395,000 ^{b,c}	413,763
				7,750,467
Energy—14.1%				
Bonanza Creek Energy, Gtd. Notes	6.75	4/15/21	1,985,000 ^b	2,054,475
Carrizo Oil & Gas, Gtd. Notes	7.50	9/15/20	1,920,000 ^b	2,006,400
CONSOL Energy, Gtd. Notes	8.25	4/1/20	2,893,000	