

Edgar Filing: DREYFUS HIGH YIELD STRATEGIES FUND - Form N-CSR

DREYFUS HIGH YIELD STRATEGIES FUND  
Form N-CSR  
November 25, 2003

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 811-8703

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)

Mark N. Jacobs, Esq.  
200 Park Avenue  
New York, New York 10166  
(Name and address of agent for service)

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

Date of fiscal year end: 3/31

Date of reporting period: 9/30/03

FORM N-CSR

ITEM 1. REPORTS TO STOCKHOLDERS.

Dreyfus  
High Yield  
Strategies Fund

SEMIANNUAL REPORT September 30, 2003

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

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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.

Not FDIC-Insured \* Not Bank-Guaranteed \* May Lose Value

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Back Cover

The Fund  
Dreyfus High Yield  
Strategies Fund

## LETTER FROM THE CHAIRMAN

Dear Shareholder:

This semiannual report for Dreyfus High Yield Strategies Fund covers the six-month period from April 1, 2003, through September 30, 2003. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with Gerald E. Thunelius, portfolio manager and Director of the Dreyfus Taxable Fixed Income Team that manages the fund.

After a prolonged period of sluggish growth, the U.S. economy has shown signs of sustainable improvement. However, investor uncertainty regarding the strength of the recovery has produced heightened volatility in the fixed-income markets. After most areas of the bond market experienced sharp declines during the summer, bond prices generally bounced back in September.

While we believe that investors generally should remain diversified across multiple asset classes, including bonds, it may be a good time to consider reviewing the fixed-income component of your portfolio for a potentially stronger economic environment and the possibility that the multiyear decline of interest rates has run its course. As always, we encourage you to talk with your financial advisor about managing your investment portfolio as market conditions evolve.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter  
Chairman and Chief Executive Officer  
The Dreyfus Corporation  
October 15, 2003

## DISCUSSION OF FUND PERFORMANCE

Gerald E. Thunelius, Portfolio Manager  
Dreyfus Taxable Fixed Income Team

How did Dreyfus High Yield Strategies Fund perform during the period?

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For the six-month period ended September 30, 2003, the fund achieved a total return of 27.03% and produced aggregate income dividends of \$0.30575 per share.(1) In comparison, the Merrill Lynch High Yield Master II Index (the "Index") achieved a total return of 12.90% for the same period.(2)

We attribute the fund's strong returns to a rebound in high-yield corporate bond prices that was particularly steep among bonds that had been the hardest hit during the prolonged weakness in the high-yield market over the prior years preceding this reporting period. The fund enjoyed especially strong returns from bonds issued by companies in the electric utilities, cable television system operators and telecommunications sectors. In addition, the fund's total return was enhanced by its leveraging strategy, which tends to magnify gains and losses.

What is the fund's investment approach?

The fund primarily seeks high current income. The fund will also seek 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.

The Fund

### DISCUSSION OF FUND PERFORMANCE (CONTINUED)

The fund's investment process involves a "top-down" approach to sector and a fundamental "bottom-up" approach to security selection. We look at a variety of factors when assessing a potential investment, including the state of the industry or sector, the company's financial strength and the company's management. We also employ leverage -- buying additional bonds with borrowed money in an effort to increase the fund's return.

What other factors influenced the fund's performance?

Before the reporting period began, the fund held bonds of companies that had been hit hard during the economic downturn, which we believed represented compelling values at depressed price levels. Because of challenging business conditions and, in some cases, company-specific problems, these bonds were selling at price and yield levels that, in our view, compensated investors for assuming certain risks, including the risk that these companies might fail. This strategy proved rewarding when signs of economic growth began to emerge in the fourth quarter of 2002, sparking a market rally that has persisted through the third quarter of 2003. The fund received particularly strong contributions to its performance from its holdings of "fallen angels" such as El Paso Production, Calpine, Dynegy and CMS Energy in the utilities group, Qwest in the telecommunications group and Adelphia Communications in the cable television industry.

However, as the corporate bond rally continued, we became concerned that some of the fund's holdings no longer represented what we considered to be attractive values. Yield differences between higher- and lower-rated bonds had narrowed considerably, suggesting that investors were no longer being compensated as generously for assuming extra risk. We began to pare back the fund's riskier holdings, including many of the former "fallen angels" mentioned above. In many cases, we shifted assets to more senior bonds from the same issuer, effectively moving up in those companies' capital structures. In other cases, we redeployed

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assets to bonds of other issuers that we considered more fundamentally sound, such as companies in the gaming and forest products industries.

This shift to a higher-quality credit profile helped protect the fund from the brunt of heightened market volatility in July, when investors' concerns about the potential effects of a stronger economy on interest rates sparked one of the most severe one-month declines in the investment-grade bond market's history.

However, the move to higher-quality securities also affected the fund's income stream. Because higher-quality bonds tend to generate less income than their lower-rated counterparts, we reduced the fund's monthly cash dividend to \$0.04875 per share of beneficial interest on April 24, 2003. The reduction of the fund's dividend distribution rate also reflected the default of National Equipment Services on its debt.

What is the fund's current strategy?

Although the fund benefited from its leveraging strategy in the generally constructive market environment, we recently reduced the degree of leverage in order to maintain the flexibility we need to take advantage of future investment opportunities as they arise. The bond market has shown signs of leveling off after its steep rally and we believe that today's investment environment is likely to reward investors who can manage risks effectively and have the ability to take advantage of opportunities during periods of temporary market weakness.

October 15, 2003

(1) TOTAL RETURN INCLUDES REINVESTMENT OF DIVIDENDS AND ANY CAPITAL GAINS PAID, BASED UPON NET ASSET VALUE PER SHARE. 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.

(2) SOURCE: LIPPER INC. -- REFLECTS REINVESTMENT OF DIVIDENDS AND, WHERE APPLICABLE, CAPITAL GAIN DISTRIBUTIONS. THE MERRILL LYNCH HIGH YIELD MASTER II INDEX IS AN UNMANAGED PERFORMANCE BENCHMARK COMPOSED OF U.S. DOMESTIC AND YANKEE BONDS RATED BELOW INVESTMENT-GRADE WITH AT LEAST \$100 MILLION PAR AMOUNT OUTSTANDING AND GREATER THAN OR EQUAL TO ONE YEAR TO MATURITY.

The Fund

### STATEMENT OF INVESTMENTS

September 30, 2003 (Unaudited)

BONDS AND NOTES--130.2%

-----  
ADVERTISING--.4%

RH Donnelley Financial:

Sr. Notes, 8.875%, 2010

Sr. Sub. Notes, 10.875%, 2012

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AEROSPACE & DEFENSE--.9%

BE Aerospace,

Sr. Sub. Notes, Ser. B, 8.875%, 2011

2,4

K&F Industries,

Sr. Sub. Notes, Ser. B 9.625%, 2010

6

AIRLINES--1.8%

AMR:

Deb., 9%, 2012

1,8

Deb., 9.75%, 2021

2,4

Air 2 US,

Enhanced Equipment Notes,  
Ser. D, 12.226%, 2020

9,6

Aircraft Finance Trust,

Asset-Backed Notes,

Ser. 1999-1A, Cl. D, 11%, 2024

6,5

Delta Air Lines,

Sr. Notes, 10%, 2008

2,2

AUTOMOTIVE, TRUCKS & PARTS--2.0%

Airxcel,

Sr. Sub. Notes, Ser. B, 11%, 2007

3,3

Collins & Aikman Products,

Sr. Notes, 10.75%, 2011

2,2

Rexnord,

Sr. Sub. Notes, 10.125%, 2012

9

UIS,

Sr. Sub. Notes, 9.375%, 2013

6

BUILDING & CONSTRUCTION--1.6%

Owens Corning,

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Deb., 7.5%, 2018	5,8
WCI Communities,	
Sr. Sub. Notes, 10.625%, 2011	2,3
BONDS AND NOTES (CONTINUED)	Pr Am
-----	
CHEMICALS--9.6%	
Aqua Chemical,	
Sr. Sub. Notes, 11.25%, 2008	2,0
Avecia,	
Gtd. Sr. Notes, 11%, 2009	9,1
HMP Equity,	
Units, 0%, 2008	
Huntsman,	
Secured Notes, 11.625%, 2010	3,6
Huntsman ICI Chemicals,	
Sr. Sub. Notes, 10.125%, 2009	5,4
Lyondell Chemical,	
Sr. Secured Notes, 11.125%, 2012	2,6
OM Group,	
Sr. Sub. Notes, 9.25%, 2011	2,8
PolyOne,	
Sr. Notes, 10.625%, 2010	8
Resolution Performance Products,	
Sr. Sub. Notes, 13.5%, 2010	5,2
Rockwood Specialties,	
Sr. Sub. Notes, 10.625%, 2011	1,3

COMMERCIAL SERVICES--3.4%

Alliance Laundry Systems,

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Sr. Sub. Notes, Ser. B, 9.625%, 2008	2,0
Brickman,	
Sr. Sub. Notes, Ser. B, 11.75%, 2009	8
Trico Marine Services,	
Notes, 8.875%, 2012	3,4
United Rentals North America:	
Sr. Notes, Ser. b, 10.75%, 2008	9
Sr. Notes, Ser. B, 10.75%, 2008	1,7
Williams Scotsman:	
Sr. Notes, 9.875%, 2007	1,7
Sr. Secured Notes, 10%, 2008	4
CONSUMER PRODUCTS--.9%	
Moore North American Finance,	
Sr. Notes, 7.875%, 2011	5
STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)	
BONDS AND NOTES (CONTINUED)	Pr Am
-----	
CONSUMER PRODUCTS (CONTINUED)	
Playtex Products,	
Sr. Sub. Notes, 9.375%, 2011	1,8
Rayovac,	
Sr. Sub. Notes, 8.5%, 2013	4
DIVERSIFIED FINANCIAL SERVICE--3.1%	
Acme Intermediate Holdings/Finance,	
Sr. Secured Notes, Ser. B, 12%, 2005	1,3
Diamond,	
Notes, 10%, 2008	8
	GBP
FINOVA,	



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Notes, 7.5%, 2009	3,1
HLI Operating,	
Sr. Notes, 10.5%, 2010	8
National Beef Packing/Finance,	
Sr. Notes, 10.5%, 2011	9
Southern Star Central,	
Sr. Secured Notes, 8.5%, 2010	1,1
Williams Holdings of Delaware,	
Notes, 6.5%, 2008	2,5
ELECTRIC UTILITIES--11.8%	
Allegheny Energy Statutory Trust 2001:	
Secured Notes, 10.25%, 2007	
Secured Notes, 10.25%, 2007	1,7
Allegheny Energy Supply,	
Bonds, 8.75%, 2012	4,4
CMS Energy,	
Sr. Notes, 9.875%, 2007	2,4
Calpine:	
Secured Notes, 8.5%, 2010	8,2
Secured Notes, 8.75%, 2013	4,6
Sr. Notes, 7.75%, 2009	5,7
Calpine Canada Energy Finance,	
Gtd. Sr. Notes, 8.5%, 2008	4,0
Mirant,	
Sr. Notes, 7.4%, 2004	3,1
Mirant Americas Generation,	
Sr. Notes, 7.625%, 2006	2,4

BONDS AND NOTES (CONTINUED)

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ELECTRIC UTILITIES (CONTINUED)

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### Reliant Resources:

Sr. Secured Notes, 9.25%, 2010 6,9

Sr. Secured Notes, 9.5%, 2013 1,4

### ELECTRICAL & ELECTRONICS--1.3%

#### Dresser,

Sr. Sub. Notes, 9.375%, 2011 3,6

#### Flextronics,

Sr. Sub. Notes, 6.5%, 2013 4

### ENTERTAINMENT--3.4%

#### AMC Entertainment:

Sr. Sub. Notes, 9.5%, 2009 3

Sr. Sub. Notes, 9.875%, 2012 1,9

#### Argosy Gaming,

Sr. Sub. Notes, 9%, 2011 1,5

#### Bally Total Fitness,

Sr. Notes, 10.5%, 2011 1,5

#### Cinemark USA,

Sr. Sub. Notes, 9%, 2013 4

#### Old Evangeline Downs,

Sr. Secured Notes, 13%, 2010 1,4

#### Premier Parks,

Sr. Notes, 9.75%, 2007 1,3

#### Regal Cinemas,

Sr. Sub. Notes, Ser. B, 9.375%, 2012 4

#### Town Sports International,

Sr. Notes, 9.625%, 2011 1,3

### ENVIRONMENTAL CONTROL--2.5%

#### Allied Waste,

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Sr. Sub. Notes, Ser. B, 10%, 2009	6,6
Synagro Technologies,	
Sr. Sub. Notes, 9.5%, 2009	8
FOOD & BEVERAGES--3.7%	
Agrilink Foods,	
Sr. Sub. Notes, 11.875%, 2008	8

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

BONDS AND NOTES (CONTINUED) Pr  
Am

FOOD & BEVERAGES (CONTINUED)

Del Monte,	
Sr. Sub Notes, 8.625%, 2012	1,8
Doane Pet Care,	
Sr. Notes, 10.75%, 2010	1,3
Dole Foods:	
Deb., 8.75%, 2013	6
Sr. Notes, 8.625%, 2009	9
Sr. Notes, 8.875%, 2011	1,3
Land O'Lakes,	
Sr. Notes, 8.75%, 2011	4,7
Swift & Co.,	
Sr. Notes, 10.125%, 2009	4

FOREIGN GOVERNMENTS--.9%

Argentina Government International Bond,	
Gtd. Bonds, Ser. L-GP, 6%, 2023	5,7
Province of Quebec,	
Deb., 3.3%, 2013	CAD

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GAMING & LODGING--6.4%

Coast Hotels & Casinos,

Sr. Sub. Notes, 9.5%, 2009

1,3

Kerzner International,

Notes, 8.875%, 2011

4

Mandalay Resort,

Sr. Notes, 6.5%, 2009

1,8

Mohegan Tribal Gaming Authority:

Sr. Sub. Notes, 6.375%, 2009

1,8

Sr. Sub. Notes, 8.375%, 2011

8

Park Place Entertainment:

Sr. Notes, 7%, 2013

4

Sr. Sub. Notes, 7.875%, 2010

1,1

Sr. Sub. Notes, 8.875%, 2008

9

Resorts International Hotel and Casino,

First Mortgage, 11.5%, 2009

5,0

Station Casinos,

Sr. Sub. Notes, 9.875%, 2010

1,8

Trump Casino Holdings/Funding,

First Priority Mortgage Notes,  
11.625%, 2010

2,1

BONDS AND NOTES (CONTINUED)

Pr  
Am

-----  
GAMING & LODGING (CONTINUED)

Turning Stone Casino Entertainment,

Sr. Notes, 9.125%, 2010

6

Wynn Las Vegas,

Second Mortgage, 12%, 2010

1,3

HEALTH CARE--2.2%

Extended Stay America,

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Sr. Sub. Notes, 9.875%, 2011	6
Extendicare Health Services,	
Sr. Notes, 9.5%, 2010	7
Hanger Orthopedic,	
Sr. Notes, 10.375%, 2009	1,3
Province Healthcare,	
Sr. Sub. Notes, 7.5%, 2013	2,0
Seminis,	
Sr. Sub. Notes, 10.25%, 2013	2
Tenet Healthcare:	
Notes, 7.375%, 2013	8
Sr. Notes, 5%, 2007	1,0
MACHINERY--2.9%	
Case New Holland:	
Sr. Notes, 9.25%, 2011	9
Sr. Notes, 9.25%, 2011	1,3
Milacron,	
Notes, 8.375%, 2004	1,1
National Equipment Services:	
Sr. Sub. Notes, Ser. B, 10%, 2004	2,7
Sr. Sub. Notes, Ser. D, 10%, 2004	6,1
Terex,	
Sr. Sub. Notes, Ser. B, 10.375%, 2011	2,2
MANUFACTURING--4.4%	
Hexcel,	
Sr. Sub. Notes, 9.75%, 2009	3,3
JB Poindexter & Co.,	
Sr. Secured Notes, 12.5%, 2007	2,9
Key Components,	

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Sr. Notes, 10.5%, 2008

2,5

### STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

#### BONDS AND NOTES (CONTINUED)

Pr  
Am

#### MANUFACTURING (CONTINUED)

Tyco International,

Gtd. Notes, 6.375%, 2005

5,4

MEDIA--12.8%

Adelphia Communications,

Sr. Notes, 9.375%, 2009

3,5

Charter Communications Holdings/Capital:

Sr. Discount Notes, 0/9.92%, 2011

1,3

Sr. Discount Notes, 0/11.75%, 2011

6,9

Sr. Discount Notes, 0/12.125%, 2011

1,3

Sr. Discount Notes, 0/13.5%, 2011

2,1

Sr. Notes, 10%, 2011

3,1

Sr. Notes, 10.75%, 2009

10,2

Dex Media West/Finance,

Sr. Sub. Notes, 9.875%, 2013

1,4

Echostar DBS,

Sr. Notes, 6.375%, 2011

1,1

Gray Communications Systems,

Sr. Sub. Notes, 9.25%, 2011

4

Houghton Mifflin,

Sr. Sub. Notes, 9.875%, 2013

4

Lodgenet Entertainment,

Sr. Sub. Deb., 9.5%, 2013

1,1

Mediacom Broadband,

Sr. Notes, 11%, 2013

1,5

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NTL,

Deb., 11.2%, 2007 5,4

Pegasus Communications,

Sr. Sub. Notes, Ser. B, 12.5%, 2007 5,2

Spanish Broadcasting System,

Sr. Sub. Notes, 9.625%, 2009 4,6

MINING & METALS--2.3%

AK Steel,

Sr. Notes, 7.75%, 2012 3,0

Consol Energy,

Notes, 7.875%, 2012 3,1

Haynes International,

Sr. Notes, 11.625%, 2004 2,0

BONDS AND NOTES (CONTINUED)

Pr  
Am

-----  
MINING & METALS (CONTINUED)

U.S. Steel,

Sr. Notes, 10.75%, 2008 9

OIL & GAS--10.2%

Costal,

Sr. Deb., 6.5%, 2008 10,0

Eott Energy Partners/Finance:

Sr. Notes, 9%, 2010 3,3

Units, 11%, 2009 9,0

Hanover Equipment Trust,

Sr. Secured Notes, Ser. B,  
8.75%, 2011 3,9

McMoRan Exploration,

Sr. Notes, 6%, 2008 4,4

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Nuevo Energy,

Sr. Sub. Notes, Ser. B, 9.375%, 2010

5,2

Premcor Refining:

Sr. Notes, 9.25%, 2010

9

Sr. Notes, 9.5%, 2013

8

Wiser Oil,

Sr. Sub Notes, 9.5%, 2007

4,5

PACKAGING & CONTAINERS--3.3%

Graham Packaging,

Sr. Sub. Notes, 8.75%, 2008

1,5

Owens-Brockway:

Sr. Notes, 8.25%, 2013

4

Sr. Secured Notes, 7.75%, 2011

9

Sr. Secured Notes, 8.875%, 2009

1,0

Pliant:

Sr. Secured Notes, 11.125%, 2009

4

Sr. Sub. Notes, 13%, 2010

1,3

Stone Container:

Sr. Notes, 8.375%, 2012

6

Sr. Notes, 9.75%, 2011

1,1

Tekni-Plex,

Sr. Sub. Notes, Ser. B, 12.75%, 2010

3,0

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

BONDS AND NOTES (CONTINUED)

Pr  
Am

PAPER & FOREST PRODUCTS--5.8%

Appleton Papers,

Sr. Sub. Notes, Ser. B, 12.5%, 2008

8



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### Buckeye Technologies:

Sr. Notes, 8.5%, 2013	1,1
Sr. Sub. Notes, 8.5%, 2005	2,4
Sr. Sub. Notes, 9.25%, 2008	1,0

### Georgia-Pacific:

Sr. Notes, 7.375%, 2008	1,7
Sr. Notes, 8.875%, 2010	3,9
Sr. Notes, 9.375%, 2013	3,4

### U.S. Timberlands Klamath Falls/Finance,

Sr. Notes, 9.625%, 2007	5,7
-------------------------	-----

### PIPELINES--9.7%

#### ANR Pipeline,

Notes, 8.875%, 2010	2,2
---------------------	-----

#### Dynegy:

Secured Notes, 9.875%, 2010	3,9
Secured Notes, 10.125%, 2013	2,9

#### El Paso Production,

Gtd. Sr. Notes, 7.75%, 2013	6,3
-----------------------------	-----

#### Leviathan Gas Pipeline Partners,

Sr. Sub. Notes, 10.375%, 2009	9
-------------------------------	---

#### Southern Natural Gas,

Notes, 8.875%, 2010	1,7
---------------------	-----

### Williams Cos:

Notes, 6.5%, 2006	4,9
Notes, 6.625%, 2004	2,8
Notes, 7.125%, 2011	1,0
Notes, 9.25%, 2004	1,4
Putable Asset Term Securities,	
Ser. A, 6.75%, 2006	5
Sr. Notes, 8.625%, 2010	1,7

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RESIDENTIAL MORTGAGE PASS--THROUGH CTFS.--.3%

Country Wide Home Loans:

Ser. 2001-9, Cl. B4, 6.75%, 2031

Ser. 2001-9, Cl. B5, 6.75%, 2031

BONDS AND NOTES (CONTINUED)

RESIDENTIAL MORTGAGE PASS--THROUGH CTFS. (CONTINUED)

Residential Funding Mortgage Securities I, REMIC:

Ser. 2001-S19, Cl. B1, 6.5%, 2016

Ser. 2001-S19, Cl. B2, 6.5%, 2016

Ser. 2001-S19, Cl. B3, 6.5%, 2016

RETAIL--1.3%

Buffets,

Sr. Sub. Notes, 11.25%, 2010

JC Penney,

Sr. Notes, 8%, 2010

Remington Arms,

Sr. Notes, 10.5%, 2011

Rite Aid:

Sr. Secured Notes, 8.125%, 2010

Sr. Secured Notes, 12.5%, 2006

TECHNOLOGY--.6%

AMI Semiconductor,

Sr. Sub. Notes, 10.75%, 2013

TELECOMMUNICATIONS--18.0%

ACC Escrow,

Sr. Notes, 10%, 2011

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American Tower:

Notes, 5%, 2010

4

Sr. Notes, 9.375%, 2009

4,1

American Tower Escrow,

Units, 0%, 2008

4

Call-Net Enterprises,

Sr. Secured Notes, 10.625%, 2008

2,0

Cincinnati Bell,

Notes, 7.25%, 2023

1,9

Crown Castle International:

Sr. Notes, 9.375%, 2011

1,3

Sr. Notes, 10.75%, 2011

1,0

Fairpoint Communications,

Sr. Notes, 11.875%, 2010

4

### STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

#### BONDS AND NOTES (CONTINUED)

Pr  
Am

#### TELECOMMUNICATIONS (CONTINUED)

Horizon PCS,

Sr. Notes, 13.75%, 2011

3,0

Innova S de RL,

Notes, 9.375%, 2013

2,2

Insight Midwest/Capital,

Sr. Notes, 9.75%, 2009

4

Level 3 Communications,

Sr. Discount Notes, 0/10.5%, 2008

7

Sr. Notes, 10.75%, 2011

1,3

Metromedia Fiber Network:

Sr. Notes, 10%, 2009

12,3

Sr. Notes, Ser. B, 10%, 2008

6,6

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MJD Communications,

Floating Rate Notes,  
Ser. B, 5.477%, 2008

4,9

Nextel Partners,

Sr. Notes, 12.5%, 2009

1,5

Pegasus Satellite Communications,

Sr. Notes, 12.375%, 2006

2

Qwest:

Bank Note, Ser. A, 5.97%, 2007

2,6

Bank Note, Ser. B, 5.97%, 2007

4,1

Qwest Capital Funding,

Notes, 5.875%, 2004

2,0

Qwest Services:

Notes, 13.5%, 2010

6,7

Sr. Secured Notes, 13%, 2007

2,7

Roger Wireless,

Sr. Secured Notes, 9.625%, 2011

1,0

SBA Communications,

Sr. Notes, 10.25%, 2009

1,5

Spectrasite,

Sr. Notes, 8.25%, 2010

1,3

US West Capital Funding,

Notes, 6.25%, 2005

3,9

Western Wireless,

Sr. Notes, 9.25%, 2013

1,3

BONDS AND NOTES (CONTINUED)

Pr  
Am

-----  
TELECOMMUNICATIONS (CONTINUED)

Williams Communication,

Bank Note, 6.313%, 2006

1,1

Worldcom:

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Bonds, 8.25%, 2031	2,2
Notes, 6.5%, 2004	2,2
Sr. Notes, 7.75%, 2007	2,2
TEXTILES & APPAREL--1.1%	
Levi Strauss & Co.,	
Sr. Notes, 12.25%, 2012	2,1
Simmons,	
Sr. Sub. Notes, Ser. B, 10.25%, 2009	1,6
TRANSPORTATION--1.6%	
TFM, S.A. de C.V.,	
Sr. Notes, 10.25%, 2007	5,0
TOTAL BONDS AND NOTES	
(cost \$441,178,835)	
-----	
PREFERRED STOCKS--5.3%	
-----	
MINING AND METALS--1.2%	
Kaiser Group Holdings,	
Cum., \$3.85	
DIVERSIFIED FINANCIAL SERVICE--.1%	
Williams Holdings Of Delaware,	
Cum. Conv., 2.75%, 2033	
MEDIA--4.0%	
CSC Holdings,	
Ser. H, Cum. \$117.50	
Paxson Communications:	
Cum., \$1,325	
Cum. Conv., \$975	
TOTAL PREFERRED STOCKS	

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(cost \$15,910,922)

STATEMENT OF INVESTMENTS (Unaudited) (CONTINUED)

COMMON STOCKS--1.9%

---

OIL & GAS--1.8%

EOTT Energy 3

TELECOMMUNICATIONS--.1%

Neon Communications 1

Stellex Aerostructures

TOTAL COMMON STOCKS

(cost \$5,620,253)

---

OTHER--.0%

---

MINING AND METALS--.0%

Kaiser Group Holdings (rights) 1

Imperial Credit Industries (warrants) 1

TELECOMMUNICATIONS--.0%

American Tower (warrants)

Loral Cyberstar (warrants)

Neon Communications (warrants) 1

TOTAL OTHER

(cost \$240,937)

---

OTHER INVESTMENTS--5.1%

---

REGULATED INVESTMENT COMPANIES:

Dreyfus Institutional Advantage Fund 5,5

Dreyfus Institutional Advantage Plus Fund 5,5

Dreyfus Institutional Preferred Plus Money Market Fund 5,5

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TOTAL OTHER INVESTMENTS

(cost \$16,573,000)

SHORT-TERM INVESTMENTS--.1%

---

U.S. TREASURY BILLS;

.78%, 10/23/2003

(cost \$419,799)

---

TOTAL INVESTMENTS (cost \$479,943,746)

LIABILITES, LESS CASH AND RECEIVABLES

NET ASSETS

(A) PRINCIPAL AMOUNT STATED IN U.S DOLLARS UNLESS OTHERWISE NOTED.

CAD--CANADIAN DOLLARS

GBP--BRITISH POUND STERLING

(B) COLLATERAL FOR REVOLVING CREDIT AND SECURITY AGREEMENT.

(C) SECURITIES EXEMPT FROM REGISTRATION UNDER RULE 144A OF THE SECURITIES ACT OF 1933. THESE SECURITIES MAY BE RESOLD IN TRANSACTIONS EXEMPT FROM REGISTRATION, NORMALLY TO QUALIFIED INSTITUTIONAL BUYERS. AT SEPTEMBER 30, 2003, THESE SECURITIES AMOUNTED TO \$106,206,618 OR 32.7% OF NET ASSETS.

(D) NON-INCOME PRODUCING--SECURITY IN DEFAULT.

(E) VARIABLE RATE SECURITY--INTEREST RATE SUBJECT TO PERIODIC CHANGE.

(F) UNITS REPRESENT BOND WITH WARRANTS ATTACHED TO PURCHASE COMMON STOCK.

(G) PRINCIPAL AMOUNT FOR ACCRUAL PURPOSES IS PERIODICALLY ADJUSTED BASED ON CHANGES TO THE CANADIAN CONSUMER PRICE INDEX.

(H) PAYMENT IN KIND BOND.

(I) ZERO COUPON UNTIL A SPECIFIED DATE AT WHICH TIME THE STATED COUPON RATE BECOMES EFFECTIVE UNTIL MATURITY.

(J) THE VALUE OF THESE SECURITIES HAS BEEN DETERMINED IN GOOD FAITH UNDER THE DIRECTION OF THE BOARD OF TRUSTEES.

(K) NON-INCOME PRODUCING SECURITY.

(L) INVESTMENTS IN AFFILIATED MONEY MARKET FUNDS--SEE NOTE 3(D).

SEE NOTES TO FINANCIAL STATEMENTS.

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The Fund

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2003 (Unaudited)

	Cost	Value
-----		
ASSETS (\$):		
Investments in securities--See Statement of Investments	479,943,746	463,441,957
Interest receivable		10,654,175
Receivable for investment securities sold		5,124,810
Dividends receivable		203,175
Unrealized appreciation on interest rate swaps--Note 4		13,313
Prepaid expenses		24,420
		479,461,850
-----		
LIABILITIES (\$):		
Due to The Dreyfus Corporation and affiliates--Note 3		317,209
Due to Shareholder Servicing Agent--Note 3(b)		26,948
Cash overdraft due to Custodian		2,228,597
Loan payable--Note 2		148,000,000
Payable for investment securities purchased		3,512,742
Interest payable--Note 2		180,836
Accrued expenses		161,702
		154,428,034
-----		
NET ASSETS (\$)		325,033,816
-----		
COMPOSITION OF NET ASSETS (\$):		
Paid-in capital		983,885,837
Accumulated distributions in excess of investment income--net		(2,722,319)
Accumulated net realized gain (loss) on investments		(639,642,103)
Accumulated net unrealized appreciation (depreciation) on investments, foreign currency transactions and swap transactions		(16,487,599)
-----		



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NET ASSETS (\$)	325,033,816
-----------------	-------------

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SHARES OUTSTANDING

(unlimited number of \$.001 par value shares of Beneficial Interest authorized)	70,446,520
--	------------

NET ASSET VALUE, per share (\$)	4.61
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SEE NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF OPERATIONS

Six Months Ended September 30, 2003 (Unaudited)

---

INVESTMENT INCOME (\$):

Interest	22,667,745
----------	------------

Dividends	1,025,798
-----------	-----------

TOTAL INCOME	23,693,543
--------------	------------

EXPENSES:

Management fee--Note 3(a)	1,992,172
---------------------------	-----------

Interest expense--Note 2 & 4	1,779,776
------------------------------	-----------

Shareholder servicing costs--Note 3(a,b)	240,006
--	---------

Trustees' fees and expenses--Note 3(c)	92,115
--	--------

Professional fees	81,610
-------------------	--------

Shareholders' reports	38,715
-----------------------	--------

Registration fees	33,352
-------------------	--------

Custodian fees--Note 3(a)	23,983
---------------------------	--------

Miscellaneous	13,675
---------------	--------

TOTAL EXPENSES	4,295,404
----------------	-----------

Less--reduction in management fee and shareholder servicing fees due to undertakings--Note 3(a,b)	(287,758)
--	-----------

NET EXPENSES	4,007,646
--------------	-----------

INVESTMENT INCOME--NET	19,685,897
------------------------	------------

---

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS--NOTE 4 (\$):

Net realized gain (loss) on investments and foreign currency transactions	1,660,390
--	-----------

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Net realized gain (loss) on forward currency exchange contracts	(74,888)
Net realized gain (loss) on financial futures	1,955
Net realized gain (loss) on swap transactions	(375,968)
NET REALIZED GAIN (LOSS)	1,211,489
Net unrealized appreciation (depreciation) on investments foreign currency transactions and swap transactions	52,215,496
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	53,426,985
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	73,112,882

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

### STATEMENT OF CASH FLOWS

Six Months Ended September 30, 2003 (Unaudited)

-----

#### CASH FLOWS FROM OPERATING ACTIVITIES (\$):

Interest received	18,952,577	
Dividends received	682,236	
Interest and loan commitment fees paid	(1,786,103)	
Swap expenses paid	(655,469)	
Operating expenses paid	(615,797)	
Paid to The Dreyfus Corporation	(1,662,009)	14,915,435

-----

#### CASH FLOWS FROM INVESTING ACTIVITIES (\$):

Purchases of portfolio securities	(404,032,623)	
Net purchases of short-term portfolio securities	(12,943,933)	
Proceeds from sales of portfolio securities	392,579,661	
FEC transactions	(35,571)	
Swap Transactions	(375,968)	
Futures transactions	1,955	(24,806,479)

-----

#### CASH FLOWS FROM FINANCING ACTIVITIES (\$):

Dividends paid	(17,259,998)	
Loan payments	24,000,000	6,740,002

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Decrease in cash		(3,151,042)
Cash at beginning of period		922,445
<hr style="border-top: 1px dashed black;"/>		
CASH AT END OF PERIOD		(2,228,597)
<hr style="border-top: 1px dashed black;"/>		
RECONCILIATION OF NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES (\$):		
Net Decrease in Net Assets Resulting From Operations		73,112,882
ADJUSTMENTS TO RECONCILE NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES (\$):		
Decrease in interest receivable		1,386,740
Decrease in dividends receivable		26,438
Decrease in interest and loan commitment fees		(6,327)
Decrease in swap payable		(13,292)
Decrease in accrued operating expenses		(127,890)
Increase in prepaid expenses		35,549
Increase in due to The Dreyfus Corporation		42,405
Net interest sold on investments		(1,724,162)
Net realized gain on investments		(1,211,489)
Net unrealized appreciation on investments		(52,215,496)
Noncash dividends		(370,000)
Net amortization of discount and premium on investments		(4,019,923)
<hr style="border-top: 1px dashed black;"/>		
NET CASH PROVIDED BY OPERATING ACTIVITIES		14,915,435
<hr style="border-top: 1px dashed black;"/>		
SUPPLEMENTARY DISCLOSURE NONCASH FINANCING ACTIVITIES (\$):		
Reinvestment of dividends which increases paid-in capital.		4,149,532
SEE NOTES TO FINANCIAL STATEMENTS.		
STATEMENT OF CHANGES IN NET ASSETS		
	Six Months Ended September 30, 2003 (Unaudited)	Year Ended March 31, 2003
<hr style="border-top: 1px dashed black;"/>		
OPERATIONS (\$):		
Investment income--net	19,685,897	46,814,842

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Net realized gain (loss) on investments	1,211,489	(118,614,023)
Net unrealized appreciation (depreciation) on investments	52,215,496	50,424,756
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	73,112,882	(21,374,425)

---

DIVIDENDS TO SHAREHOLDERS FROM (\$):

INVESTMENT INCOME--NET	(21,409,530)	(50,965,977)
------------------------	--------------	--------------

---

BENEFICIAL INTEREST TRANSACTIONS (\$):

DIVIDENDS REINVESTED--NOTE 1(C)	4,149,532	9,039,309
TOTAL INCREASE (DECREASE) IN NET ASSETS	55,852,884	(63,301,093)

---

NET ASSETS (\$):

Beginning of Period	269,180,932	332,482,025
END OF PERIOD	325,033,816	269,180,932

---

CAPITAL SHARE TRANSACTIONS (SHARES):

SHARES ISSUED FOR DIVIDENDS REINVESTED	872,477	2,190,307
--	---------	-----------

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements and market price data for the fund's shares.

	Six Months Ended September 30, 2003 (Unaudited)	2003	2002 (a)	Yea 2001
<hr style="border-top: 1px dashed black;"/>				
PER SHARE DATA (\$):				
Net asset value,				
beginning of period	3.87	4.93	6.35	10.06
Investment Operations:				
Investment income--net	.28 (c)	.68 (c)	.81 (c)	1.14

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Net realized and unrealized gain (loss) on investments	.77	(1.00)	(1.33)	(3.57)
Total from Investment Operations	1.05	(.32)	(.52)	(2.43)
Distributions:				
Dividends from investment income--net	(.31)	(.74)	(.90)	(1.28)
Net asset value, end of period	4.61	3.87	4.93	6.35
Market value, end of period	5.00	5.16	5.41	6.47
-----				
TOTAL RETURN (%) (D)	3.33 (e)	14.22	(1.84)	(14.09)
-----				

RATIOS/SUPPLEMENTAL DATA (%):

Ratio of operating expenses to average net assets	1.45 (f)	1.54	1.52	1.61
Ratio of interest expense to average net assets	1.16 (f)	1.45	2.99	3.13
Ratio of net investment income to average net assets	12.82 (f)	17.66	14.95	14.35
Decrease reflected in above expense ratios due to undertakings by The Dreyfus Corporation and UBS Warburg LLC	.19 (f, g)	.19 (g)	.19 (g)	--
Portfolio Turnover Rate	91.94 (e)	186.19	239.11	42.61
-----				

Net Assets, end of period (\$ x 1,000)	325,034	269,181	332,482	415,597
--	---------	---------	---------	---------

Six Months Ended  
September 30, 2003

(Unaudited)

-----  
2003

2002 (a)

Year E

20

RATIOS/SUPPLEMENTAL DATA (%):  
(CONTINUED)

Average borrowings outstanding (\$ x 1,000)	136,503	126,350	174,415	232,2
Weighted average number of fund shares outstanding (x 1,000)	70,073	68,538	66,400	64,7
Average amount of debt per share (\$)	1.95	1.84	2.63	3.

(A) AS REQUIRED, EFFECTIVE APRIL 1, 2001, THE FUND HAS ADOPTED THE PROVISIONS

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OF AICPA AND AUDIT AND ACCOUNTING GUIDE FOR INVESTMENT COMPANIES AND BEGAN AMORTIZING DISCOUNT OR PREMIUM ON FIXED INCOME SECURITIES ON A SCIENTIFIC BASIS AND INCLUDING PAYDOWN GAINS AND LOSSES IN INTEREST INCOME. THE EFFECT OF THESE CHANGES FOR THE PERIOD ENDED MARCH 31, 2002 WAS TO DECREASE NET INVESTMENT INCOME PER SHARE BY \$.05, INCREASE NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS PER SHARE BY \$.05 AND DECREASE THE RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS FROM 15.96% TO 14.95%. PER SHARE DATA AND RATIOS/SUPPLEMENT DATA FOR PERIODS PRIOR TO APRIL 1, 2001 HAVE NOT BEEN RESTATED TO REFLECT THESE CHANGES IN PRESENTATION.

(B) FROM APRIL 29, 1998 (COMMENCEMENT OF OPERATIONS) TO MARCH 31, 1999.

(C) BASED ON AVERAGE SHARES OUTSTANDING AT EACH MONTH END.

(D) CALCULATED BASED ON MARKET VALUE.

(E) NOT ANNUALIZED.

(F) ANNUALIZED.

(G) REPRESENTS WAIVER OF .10 OF 1% OF MANAGED ASSETS BY THE DREYFUS CORPORATION AND .03 OF 1% OF MANAGED ASSETS BY UBS WARBURG LLC.

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1--Significant Accounting Policies:

Dreyfus High Yield Strategies Fund (the "fund" ) is registered under the Investment Company Act of 1940, as amended (the "Act") as a non-diversified closed-end management investment company. The fund's primary investment objective is to seek high current income by investing at least 65% of its total assets in income securities rated below investment grade. The Dreyfus Corporation (the "Manager" ) serves as the fund's investment manager and administrator. The Manager is a wholly-owned subsidiary of Mellon Bank, N.A. ("Mellon"), which is a wholly-owned subsidiary of Mellon Financial Corporation.

The fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

(a) Portfolio valuation: Investments in securities (excluding short-term investments, other than U.S. Treasury Bills) are valued each business day by an independent pricing service (the "Service") approved by the Board of Trustees. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Securities for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board of Trustees. Short-term investments, excluding U.S. Treasury Bills, are carried at amortized cost, which approximates value. Financial futures and options are valued at the

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last sales price on the securities exchange on which such securities are primarily traded. Investments denominated in foreign

currencies are translated to U.S. dollars at the prevailing rates of exchange. Swap transactions are valued daily based upon quotations from counterparties as market makers utilizing the net present value of all future cash settlements based on implied forward interest rates.

(b) Foreign currency transactions: The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, currency gains or losses realized on securities transactions and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities, resulting from changes in exchange rates. Such gains and losses are included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premiums on investments is recognized on a scientific basis. Under the terms of the custody agreement, the fund receives net earnings credits based on available cash balances left on deposit.

(d) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain, if any, are declared and paid at least annually. To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain.

The Fund

### NOTES TO FINANCIAL STATEMENTS (Unaudited) (CONTINUED)

For shareholders who elect to receive their distributions in additional shares of the fund, in lieu of cash, such distributions will be reinvested at the lower of the market price or net asset value per share (but not less than 95% of the market price) based on the record date's respective prices. If the net asset value per share on the record date is lower than the market price per share, shares will be issued by the fund at the record date's net asset value on the payable date of the distribution. If the net asset value per share is less than 95% of the market value, shares will be issued by the fund at 95% of the market value. If the market price is lower than the net asset value per share on the record date, Mellon will purchase fund shares in the open market commencing on the payable date and reinvest those shares accordingly. As a result of purchasing fund shares in the open market, fund shares outstanding will not be affected by this form of reinvestment.

On September 24, 2003, the Board of Trustees declared a cash dividend of \$.04875 per share from investment income-net, payable on October 22, 2003 to shareholders of record as of the close of business on October 8, 2003.

(e) Concentration of risk: The fund invests primarily in debt securities.

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Failure of an issuer of the debt securities to make timely interest or principal payments, or a decline or the perception of a decline in the credit quality of a debt security, can cause the debt security's price to fall, potentially lowering the fund's share price. High yield ("junk") bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments. In addition, the value of debt securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline because of factors that affect a particular industry.

(f) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable

provisions of the Internal Revenue Code of 1986, as amended, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

The fund has an unused capital loss carryover of \$590,289,465 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to March 31, 2003. If not applied, \$32,078,398 of the carryover expires in fiscal 2007, \$32,334,001 expires in fiscal 2008, \$136,674,723 expires in fiscal 2009, \$283,731,643 expires in fiscal 2010 and \$105,470,700 expires in fiscal 2011.

The tax character of distributions paid to shareholders during the fiscal year ended March 31, 2003 was as follows: ordinary income \$50,965,977. The tax character of current year distributions will be determined at the end of the current fiscal year.

### NOTE 2--Borrowings:

The fund has entered into a \$175,000,000 Revolving Credit and Security Agreement (the "Agreement"), which expires on June 15, 2006. Under the terms of the Agreement, the fund may borrow Advances (including Eurodollar Advances), on a collateralized basis with certain fund assets used as collateral; the yield to be paid by the fund on such Advances is determined with reference to the principal amount of each Advance (and/or Eurodollar Advance) outstanding from time to time. The fund pays certain other fees associated with the Agreement. During the period ended September 30, 2003, \$385,121 applicable to those fees was included in interest expense.

The average daily amount of borrowings outstanding during the period ended September 30, 2003, under the Agreement, was approximately \$136,503,000, with a related weighted average annualized interest rate of 1.20%.

### NOTE 3--Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management and administration agreement with the Manager, the management and administration fee is computed at the

The Fund

### NOTES TO FINANCIAL STATEMENTS (Unaudited) (CONTINUED)

annual rate of .90 of 1% 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 is payable monthly.



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For the period from April 1, 2003 through April 4, 2004, the Manager has agreed to waive receipt of a portion of the fund's management fee in the amount of .10 of 1% of the Managed Assets. The reduction in management fee, pursuant to the undertaking, amounted to \$221,352 during the period ended September 30, 2003.

The fund compensates Mellon Investor Services, L.L.C., an affiliate of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended September 30, 2003, the fund was charged \$6,000 pursuant to the transfer agency agreement.

The fund compensates Mellon, an affiliate of the Manager, under a custody agreement for providing custodial services for the fund. During the period ended September 30, 2003, the fund was charged \$23,983 pursuant to the custody agreement.

(b) In accordance with the Shareholder Servicing Agreement, UBS Warburg LLC Inc. provides certain shareholder services for which the fund pays a fee computed at the annual rate of .10 of 1% of the value of the fund's average weekly Managed Assets. During the period ended September 30, 2003, the fund was charged \$221,352 pursuant to the Shareholder Servicing Agreement.

For the period from April 1, 2003 through April 4, 2004, UBS Warburg LLC has agreed to waive receipt of a portion of the fund's shareholder services fee in the amount of .03 of 1% of the Managed Assets. The reduction in shareholder servicing fee, pursuant to the undertaking, amounted to \$66,406 during the period ended September 30, 2003.

(c) Each Trustee who is not an "interested person" of the fund as defined in the Act receives \$17,000 per year plus \$1,000 for each Board meeting attended and \$2,000 for separate committee meetings attended which are not held in conjunction with a regularly scheduled

Board meeting. In the event that there is a joint committee meeting of the Dreyfus /Laurel funds, Inc., The Dreyfus/Laurel Tax-Free Municipal Funds, The Dreyfus/Laurel Funds Trust, collectively, (the "Dreyfus/Laurel Funds") and the fund, the \$2,000 fee will be allocated between the Dreyfus/Laurel Funds and the fund. Each Trustee who is not an interested person also receives \$500 for Board meetings and separate committee meetings attended that are conducted by telephone. The fund also reimburses each Trustee who is not an "interested person" of the fund for travel and out-of-pocket expenses. The Chairman of the Board receives an additional 25% of such compensation (with the exception of reimbursable amounts).

(d) Pursuant to an exemptive order from the Securities and Exchange Commission, the fund may invest its available cash balances in affiliated money market funds as shown in the fund's Statement of Investments. Management fees are not charged to these accounts. The fund derived \$52,863 in income from these investments, which is included as dividend income in the fund's Statement of Operations.

### NOTE 4--Securities Transactions:

The aggregate amount of purchases and sales (including paydowns) of investment securities, excluding short-term securities, financial futures, swaps and forward currency exchange contracts, during the period ended September 30, 2003, amounted to \$396,042,547 and \$387,517,067, respectively.

The fund may use various derivatives, including options, futures contracts, forward currency exchange contracts, mortgage-related securities, asset-backed securities and swaps. The fund may invest in, or enter into, these financial instruments for a variety of reasons, including to hedge certain market trends, to provide a substitute for purchasing or selling particular securities or to

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increase potential income gain.

The fund enters into credit default swaps which involve commitments to pay a fixed rate in exchange for payment if a credit event affecting a third party (the referenced company) occurs. Credit events may include a failure to pay interest, bankruptcy, or restructuring. Net peri-

The Fund

### NOTES TO FINANCIAL STATEMENTS (Unaudited) (CONTINUED)

odic interest payments to be received or paid are accrued daily and are recorded in the Statement of Operations as an adjustment to interest income. Credit default swaps are marked-to-market daily and the change, if any, is recorded as unrealized appreciation or depreciation in the Statement of Operations. As of September 30, 2003, there were no credit default swaps.

The fund may enter into interest rate swaps which involve the exchange of commitments to pay and receive interest based on a notional principal amount. Net periodic interest payments to be received or paid are accrued daily and are recorded in the Statement of Operations as an interest expense. Interest rate swaps are marked-to-market daily and change, if any, is recorded as unrealized appreciation or depreciation in the Statement of Operations.

Realized gains or losses on maturity or termination of swaps are presented in the Statement of Operations.

Risks may arise upon entering into these agreements from the potential inability of the counterparties to meet the terms of the agreement and are generally limited to the amount of net payments to be received, if any, at the date of default.

The following summarizes interest rate swaps entered into by the fund at September 30, 2003:

Notional Amount (\$)	Description	Unrealized Appreciation (\$)
5,500,000	Forward Yield Curve Swap Agreement with Merrill Lynch terminating August 23, 2003 to pay 3 month LIBOR and receive 10 yr CMS-17bps starting August 23, 2013	13,313

The fund may invest in financial futures contracts which expose the fund to market risk as a result of changes in the value of the underlying financial instruments. Investments in financial futures require the fund to "mark to market" on a daily basis, which reflects the change in the market value of the contracts at the close of each day's trading. Typically, variation margin payments are received or made to reflect

daily unrealized gains or losses. When the contracts are closed, the fund recognizes a realized gain or loss. These investments require initial margin deposits with a custodian, which consist of cash or cash equivalents, up to approximately 10% of the contract amount. The amount of these deposits is determined by the exchange or Board of Trade on which the contract is traded and is subject to change. At September 30, 2003, there were no financial futures contracts outstanding.

The fund may enter into forward currency exchange contracts. When executing

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forward currency exchange contracts, the fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward currency exchange contracts, the fund would incur a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward currency exchange contracts, the fund would incur a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. The fund is also exposed to credit risk associated with counter party nonperformance on these forward currency exchange contracts which is typically limited to the unrealized gain on each open contract. At September 30, 2003, there were no open forward currency exchange contracts.

At September 30, 2003, accumulated net unrealized depreciation on investments was \$16,501,789, consisting of \$28,459,347 gross unrealized appreciation and \$44,961,136 gross unrealized depreciation.

At September 30, 2003, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

The Fund

NOTES

NOTES

OFFICERS AND DIRECTORS

Dreyfus High Yield Strategies Fund

200 Park Avenue

New York, NY 10166

DIRECTORS

Joseph S. DiMartino, Chairman

James M. Fitzgibbons

J. Tomlinson Fort

Kenneth A. Himmel

Stephen J. Lockwood

Roslyn M. Watson

Benaree Pratt Wiley

OFFICERS

President

Stephen E. Canter

Executive Vice President

Stephen R. Byers

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Gerald E. Thunelius

Vice President

Mark N. Jacobs

Secretary

Steven F. Newman

Assistant Secretaries

Jeff Prusnofsky

Michael A. Rosenberg

Treasurer

James Windels

Assistant Treasurers

Erik D. Naviloff

Kenneth J. Sandgren

PORTFOLIO MANAGERS

Keith Chan

Martin F. Fetherston

Michael Hoeh

William Howarth

Kenneth D. Smalley

Gerald E. Thunelius

Samuel Weinstock

INVESTMENT ADVISER

The Dreyfus Corporation

CUSTODIAN

Mellon Bank, N.A.

COUNSEL

Kirkpatrick & Lockhart LLP

TRANSFER AGENT, DIVIDEND DISBURSING AGENT

Mellon Investor Services LLC

STOCK EXCHANGE LISTING

NYSE Symbol: DHF

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INITIAL SEC EFFECTIVE DATE

4/23/98

THE NET ASSET VALUE APPEARS IN THE FOLLOWING PUBLICATIONS: BARRON'S, CLOSED-END BOND FUNDS SECTION UNDER THE HEADING "MUNICIPAL BOND FUNDS" EVERY MONDAY; WALL STREET JOURNAL, MUTUAL FUNDS SECTION UNDER THE HEADING "CLOSED-END BOND FUNDS" EVERY MONDAY; NEW YORK TIMES, BUSINESS SECTION UNDER THE HEADING "CLOSED-END BOND FUNDS--SINGLE STATE MUNICIPAL BOND FUNDS" EVERY SUNDAY.

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH SECTION 23(C) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THAT THE FUND MAY PURCHASE SHARES OF ITS COMMON STOCK IN THE OPEN MARKET WHEN IT CAN DO SO AT PRICES BELOW THE THEN CURRENT NET ASSET VALUE PER SHARE.

The Fund

For More Information

Dreyfus  
High Yield Strategies Fund  
200 Park Avenue  
New York, NY 10166

Manager

The Dreyfus Corporation  
200 Park Avenue  
New York, NY 10166

Custodian

Mellon Bank, N.A.  
One Mellon Bank Center  
Pittsburgh, PA 15258

Transfer Agent & Dividend Disbursing Agent  
Mellon Investor Services LLC

Overpeck Centre  
85 Challenger Road  
Ridgefield Park, NJ 07660

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ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

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ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-CSR is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes to the Registrant's internal control over financial reporting that occurred during the Registrant's most recently ended fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 10. EXHIBITS.

(a)(1) Not applicable.

(a)(2) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940.

(b) Certification of principal executive and principal financial officers as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

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

Dreyfus High Yield Strategies Fund

By: /s/ Stephen E. Canter

-----  
Stephen E. Canter  
President

Date: November 21, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this Report has been signed below by the following persons on behalf of the Registrant and in

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the capacities and on the dates indicated.

By: /s/ Stephen E. Canter  
-----  
Stephen E. Canter  
Chief Executive Officer

Date: November 21, 2003

By: /s/ James Windels  
-----  
James Windels  
Chief Financial Officer

Date: November 21, 2003

EXHIBIT INDEX

(a) (2) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940. (EX-99.CERT)

(b) Certification of principal executive and principal financial officers as required by Rule 30a-2(b) under the Investment Company Act of 1940. (EX-99.906CERT)