

DREYFUS HIGH YIELD STRATEGIES FUND
Form N-CSR
May 28, 2004

**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, including area code: (212) 922-6000

Date of fiscal year end: 03/31

Date of reporting period: 03/31/04

FORM N-CSR

Item 1. Reports to Stockholders.

**Dreyfus
High Yield
Strategies Fund**

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

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consumer privacy policy, and may be amended at any time. We will 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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The Fund

LETTER FROM THE CHAIRMAN

Dear Shareholder:

This annual report for Dreyfus High Yield Strategies Fund covers the 12-month period from April 1, 2003, through March 31, 2004. 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.

Many sectors of the U.S. bond market continued to rally during the reporting period, despite heightened market volatility and the onset of a stronger economic recovery. Although recovering economies historically have given rise to inflationary pressures, which have tended to hinder returns from the more interest-rate-sensitive areas of the bond market, the current cycle has been different to date. Sluggish job growth in the U.S. and a weakening dollar against many foreign currencies have helped forestall potential inflationary factors, benefiting bonds.

Although our analysts and portfolio managers work hard to identify trends that may move the markets, no one can know with complete certainty what lies ahead for the U.S. economy and the bond market. As always, we encourage you to review your investments regularly with your financial advisor, who may be in the best position to suggest ways to position your portfolio for the opportunities and challenges of today's financial markets.

Thank you for your continued confidence and support.

Sincerely,

Stephen E. Canter

Chairman and Chief Executive Officer The Dreyfus Corporation

April 22, 2004

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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?

For the 12-month period ended March 31, 2004, the fund achieved a total return of 39.07% (on a net asset value basis) and produced aggregate income dividends of \$0.6115 per share.¹ In comparison, the Merrill Lynch High Yield Master II Index (the "Index") achieved a total return of 22.21% for the same period.²

High-yield corporate bonds continued to benefit during the reporting period from a number of factors, including stronger economic growth, better business conditions, companies' efforts to improve their balance sheets and robust investor demand. The fund produced a higher return than the Index, primarily due to strong contributions from its holdings of "fallen angels" that have been recovering from previously depressed price levels. The fund's performance also was supported by its leveraging strategy, which tended to magnify net gains in the portfolio.

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'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.

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DISCUSSION OF FUND PERFORMANCE (continued)

What other factors influenced the fund's performance?

Corporate bonds continued to rally throughout most of the reporting period, with gains driven by a stronger U.S. economy and better business conditions for many formerly distressed corporations. High-yield bonds benefited from favorable market-technical factors as investors became more comfortable with their issuers' credit characteristics allowing issuers to refinance high-coupon debt and to strengthen their balance sheets. The move by many corporations toward lighter debt loads was partly a reaction to the accounting scandals of recent years and partly a result of historically low interest rates that enabled issuers to refinance their debt at lower rates.

In this relatively constructive environment, the fund continued to benefit from holdings of bonds that had been particularly hard-hit during the economic downturn. At the time, we believed that the bonds of a number of companies in the utilities, media and telecommunications sectors had been punished more severely than their business fundamentals warranted, and we invested in the high-yield debt of companies which included "fallen angels." Indeed, the business prospects for most of these companies improved along with the U.S. economy. As a result, the fund received positive contributions from bonds issued by companies such as cable television provider Charter Communications, communications services company NTL Incorporated, metals refiner and processor OM

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Group, telephone services provider Qwest, natural gas producer Williams Cos and energy conglomerate El Paso Corp.

During the summer of 2003, evidence of a stronger U.S. economy began to emerge. As a result, many investors became concerned that dormant inflation pressures might emerge, and the U.S. bond market suffered one of the most severe six-week declines in its history. We attempted to take advantage of the market's weakness by adding to existing positions at what we regarded as attractive prices.

When the bond market rebounded in the fall of 2003, it appeared to us that many high-yield bonds had recovered to a point at which they were more fully valued. Accordingly, we began to move the fund toward a more defensive investment posture. For example, we attempted to upgrade the fund's overall credit quality by reducing its holdings of bonds with credit ratings in the "triple-C" range, and we allowed its holdings of cash-equivalent securities to rise. However, the high-yield bond market generally continued to rally through January

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2004, and the fund's more defensive posture prevented it from participating fully in the market's gains.

What is the fund's current strategy?

Subsequent to the reporting period, the fund reduced its monthly cash dividend to \$0.04 per share of beneficial interest, as of April 21, 2004. This dividend reduction reflected the lower reinvestment rate available in the market upon the reinvestment of the proceeds from coupon payments, and from called, sold and/or matured securities, resulting in reduced income to the fund, current and possible additional future costs of establishing interest-rate swaps or other hedges in respect of the fund's leverage, and an effort to reduce the accumulated distribution in excess of investment income-net.

We believe this dividend reduction could also provide us with additional flexibility in managing the portfolio. In this current lower-yielding environment, we believe that an effort to seek to maintain the fund's prior dividend could have involved an increase in the overall risk of the portfolio. While we continue to maintain a constructive view of the high-yield market, we believe a move to greater risk for greater yield potential would not have been prudent.

In light of the economy's gathering strength and our view that high-yield bonds are more fully valued, we have continued to maintain the fund's more defensive posture. Our more conservative approach helped support the fund's returns in February and March 2004, when high-yield bonds began to encounter heightened market volatility.

At the end of the reporting period and in the days immediately following, we began to see early signs of stronger job growth and renewed inflationary pressures. Accordingly, we currently believe that a more defensive posture is warranted over the foreseeable future.

April 22, 2004

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.

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STATEMENT SELECTED INFORMATION OF INVESTMENTS

March 31, 2004 (Unaudited)

Market Price per share March 31, 2004 \$ 5.48

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Shares Outstanding March 31, 2004 70,959,094
 New York Stock Exchange Ticker Symbol DHF

MARKET PRICE (NEW YORK STOCK EXCHANGE)

Fiscal Year Ended March 31, 2004

Quarter Ended June 30, 2003	Quarter Ended September 30, 2003	Quarter Ended December 30, 2003	Quarter Ended March 31, 2004
High \$5.44	\$5.00	\$5.53	\$5.75
Low 4.73	4.43	4.89	5.08
Close 4.93	5.00	5.41	5.48

PERCENTAGE GAIN (LOSS) based on change in Market Price*

April 29, 1998 (commencement of operations) through March 31, 2004	(13.90)%
April 1, 2003 through March 31, 2004	19.92
July 1, 2003 through March 31, 2004	21.49
October 1, 2003 through March 31, 2004	16.02
January 1, 2004 through March 31, 2004	3.17

NET ASSET VALUE PER SHARE

April 29, 1998 (commencement of operations)	\$ 15.00
March 31, 2003	3.87
June 30, 2003	4.52
September 30, 2003	4.61
December 31, 2003	4.80
March 31, 2004	4.76

PERCENTAGE GAIN (LOSS)

April 29, 1998 (commencement of operations) through March 31, 2004	(25.11)%	based on change in Net Asset Value*
April 1, 2003 through March 31, 2004	39.07	
July 1, 2003 through March 31, 2004	15.25	
October 1, 2003 through March 31, 2004	9.44	
January 1, 2004 through March 31, 2004	1.14	

* With dividends reinvested.

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STATEMENT OF INVESTMENTS

March 31, 2004

	Principal Amount ^a	Value (\$)
Bonds and Notes 132.5%		

Advertising 4%

RH Donnelley Financial:

Sr. Notes, 8.875%, 2010	660,000 ^{b,c}	745,800
Sr. Sub. Notes, 10.875%, 2012	440,000 ^{b,c}	526,900
		1,272,700

Aerospace & Defense 6%

BE Aerospace,

Sr. Sub. Notes, Ser. B, 8.875%, 2011	1,427,000 ^c	1,312,840
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K&F Industries,

Sr. Sub. Notes, Ser. B, 9.625%, 2010	657,000 ^c	739,125
		2,051,965

Agricultural 2%

Seminis Vegetable Seeds,

Sr. Sub. Notes, 10.25%, 2013	685,000 ^b	761,206
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Airlines 1.8%

AMR,

Debs., 9.75%, 2021	2,400,000 ^c	1,866,000
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Northwest Airlines:

Pass-Through Ctfs., Ser. 1996-1, 7.67%, 2015	1,665,289	1,455,521
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Sr. Notes, 10%, 2009	2,403,000	1,958,445
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United AirLines,

Enhanced Pass-Through Ctfs., Ser. 1997-1A, 1.34%, 2049	821,796 ^d	751,997
		6,031,963

Asset-Backed-Other 5%

Aircraft Finance Trust,

Asset-Backed Notes,

Ser. 1999-1A, Cl. D, 11%, 2024	6,395,441 ^{b,c}	1,766,621
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Automotive, Trucks & Parts 1.9%

Airxcel,

Sr. Sub. Notes, Ser. B, 11%, 2007	3,329,000 ^c	2,996,100
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Collins & Aikman Products,

Sr. Notes, 10.75%, 2011	2,216,000 ^c	2,288,020
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HLI Operating,

Sr. Notes, 10.5%, 2010	278,000	317,615
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United Components,

Sr. Sub. Notes, 9.375%, 2013	675,000 ^c	732,375
		6,334,110

The Fund 7

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
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Building & Construction 2.1%

Ainsworth Lumber,

Sr. Notes, 6.75%, 2014	488,000 ^b	492,880
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Atrium Cos., Sr. Sub Notes, 10.5%, 2009	986,000 ^b	1,042,695
Owens Corning, Debs., 7.5%, 2018	6,806,000 ^d	3,020,163
WCI Communities, Sr. Sub. Notes, 10.625%, 2011	2,370,000 ^c	2,689,950
		7,245,688
Chemicals 9.2%		
Aqua Chemical, Sr. Sub. Notes, 11.25%, 2008	2,000,000 ^c	1,640,000
HMP Equity, Units, 0%, 2008	436 ^{b,f}	307,380
Huntsman, Sr. Notes, 11.625%, 2010	3,790,000 ^c	3,998,450
Huntsman ICI Chemicals, Sr. Sub. Notes, 10.125%, 2009	5,481,000 ^c	5,604,323
Nalco, Sr. Sub. Notes, 8.875%, 2013	4,508,000 ^{b,c}	4,722,130
OM Group, Sr. Sub. Notes, 9.25%, 2011	3,268,000 ^c	3,382,380
PolyOne, Sr. Notes, 10.625%, 2010	1,569,000 ^c	1,612,147
Resolution Performance Products: Sr. Secured Notes, 8%, 2009	692,000	709,300
Sr. Sub. Notes, 13.5%, 2010	7,125,000 ^c	5,985,000
Rhodia, Sr. Notes, 7.625%, 2010	1,707,000 ^{b,c}	1,578,975
Rockwood Specialties, Sr. Sub. Notes, 10.625%, 2011	1,380,000 ^c	1,531,800
		31,071,885
Commercial Services 1.1%		
Alliance Laundry Systems, Sr. Sub. Notes, Ser. B, 9.625%, 2008	2,000,000 ^{b,c}	2,040,000
Brickman, Sr. Sub. Notes, Ser. B, 11.75%, 2009	888,000 ^c	1,034,520
Williams Scotsman, Secured Notes, 10%, 2008	477,000	519,930
		3,594,450

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Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Consumer Products 0.6%		
Playtex Products, Sr. Sub. Notes, 9.375%, 2011	2,264,000 ^c	2,184,760
Diversified Financial Service 2.7%		
Air 2 US, Enhanced Equipment Notes, Ser. D, 12.266%, 2020	9,640,958 ^{b,d,g}	0
FINOVA,		

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Notes, 7.5%, 2009 Stena AB,	3,156,000 ^c	1,964,610
Sr. Notes, 7.5%, 2013 Trump Casino Holdings/Funding,	1,170,000	1,228,500
First Priority Mortgage Notes, 11.625%, 2010 Williams Holdings of Delaware,	3,063,000 ^c	3,078,315
Notes, 6.5%, 2008	2,558,000 ^c	2,669,913
		8,941,338

Electric Utilities 12.1%

Allegheny Energy Statutory Trust 2001:

Secured Notes, 10.25%, 2007	85,539 ^{b,c}	88,105
Secured Notes, 10.25%, 2007	2,880,460 ^{b,c}	3,154,104

Allegheny Energy Supply,

Bonds, 8.25%, 2012	6,929,000 ^{b,c}	6,929,000
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CMS Energy,

Sr. Notes, 9.875%, 2007	2,442,000 ^c	2,704,515
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Calpine:

Secured Notes, 8.5%, 2010	8,330,000 ^{b,c}	7,705,250
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Secured Notes, 8.75%, 2013	2,963,000 ^{b,c}	2,725,960
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Secured Notes, 9.875%, 2011	920,000 ^b	890,100
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Calpine Generating:

Secured Notes, 7%, 2010	961,000 ^{b,e}	920,158
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Secured Notes, 10.25%, 2011	1,201,000 ^{b,e}	1,143,952
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Reliant Resources:

Sr. Secured, Notes, 9.25%, 2010	10,046,000 ^c	10,950,140
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Sr. Secured Notes, 9.5%, 2013	1,480,000	1,639,100
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Sierra Pacific Resources,

Sr. Notes, 8.625%, 2014	1,932,000 ^b	1,970,640
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40,821,024

Electrical & Electronics 2.5%

Communications & Power Industries,

Sr. Sub. Notes, 8%, 2012	455,000 ^b	464,669
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STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Principal	
	Amount ^a	Value (\$)
Electrical & Electronics (continued)		
Dresser,		
Sr. Sub. Notes, 9.375%, 2011	3,669,000 ^c	4,017,555
Fisher Scientific International,		
Sr. Sub. Notes, 8%, 2013	2,322,000 ^{b,c}	2,618,055
Imax,		
Sr. Notes, 9.625%, 2010	919,000 ^b	960,355
Rayovac,		
Sr. Sub. Notes, 8.5%, 2013	465,000	503,362
		8,563,996

Entertainment 3.7%

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AMC Entertainment, Sr. Sub. Notes, 9.875%, 2012	1,973,000 ^c	2,160,435
Argosy Gaming: Sr. Sub. Notes, 7%, 2014	986,000 ^b	1,037,765
Sr. Sub. Notes, 9%, 2011	1,501,000 ^c	1,696,130
Bally Total Fitness, Sr. Notes, 10.5%, 2011	2,579,000 ^c	2,437,155
Old Evangeline Downs, Sr. Secured Notes, 13%, 2010	938,000 ^c	1,064,630
Regal Cinemas, Sr. Sub. Notes, Ser. B, 9.375%, 2012	455,000 ^c	516,425
Six Flags, Sr. Notes, 9.625%, 2014	1,920,000 ^b	2,049,600
Town Sports International, Sr. Notes, 9.625%, 2011	1,335,000 ^c	1,418,438
		12,380,578

Environmental Control 2.4%

Allied Waste, Sr. Sub. Notes, Ser. B, 10%, 2009	6,619,000 ^c	7,131,973
Synagro Technologies, Sr. Sub. Notes, 9.5%, 2009	896,000 ^c	974,400
		8,106,373

Food & Beverages 2.9%

Agrilink Foods, Sr. Sub. Notes, 11.875%, 2008	225,000 ^c	239,625
Del Monte, Sr. Sub. Notes, 8.625%, 2012	1,879,000 ^c	2,123,270
Dole Foods: Debs., 8.75%, 2013	665,000 ^c	729,838
Sr. Notes, 8.625%, 2009	919,000 ^c	1,010,900
Sr. Notes, 8.875%, 2011	1,333,000 ^c	1,459,635

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Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Food & Beverages (continued)		
Land O'Lakes, Sr. Notes, 8.75%, 2011	3,822,000	3,420,690
National Beef Packing, Sr. Notes, 10.5%, 2011	904,000 ^b	935,640
		9,919,598
Foreign Governmental 1.4%		
Republic of Argentina, Gtd. Bonds, Ser. L-GP, 6%, 2023	9,034,000 ^d	4,686,388
Gaming & Lodging 6.7%		
Coast Hotels & Casinos, Sr. Sub. Notes, 9.5%, 2009	1,336,000 ^c	1,409,480
Inn of the Mountain Gods Resort & Casino, Sr. Notes, 12%, 2010	1,858,000 ^b	2,020,575
Kerzner International,		

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Notes, 8.875%, 2011	450,000 ^c	501,750
MGM Mirage,		
Notes, 8.5%, 2010	2,858,000	3,351,005
Mandalay Resort,		
Sr. Notes, 6.5%, 2009	1,825,000	1,968,719
Mohegan Tribal Gaming Authority:		
Sr. Sub. Notes, 6.375%, 2009	1,800,000 ^c	1,899,000
Sr. Sub. Notes, 8.375%, 2011	877,000 ^c	973,470
Park Place Entertainment:		
Sr. Sub. Notes, 7.875%, 2010	1,140,000 ^c	1,276,800
Sr. Sub. Notes, 8.875%, 2008	985,000 ^c	1,127,825
Resorts International Hotel and Casino,		
First Mortgage, 11.5%, 2009	4,752,000 ^c	5,274,720
Station Casinos,		
Sr. Sub. Notes, 6.5%, 2014	457,000 ^b	463,284
Turning Stone Casino Enterprise,		
Sr. Notes, 9.125%, 2010	636,000 ^{b,c}	691,650
Wynn Las Vegas,		
Second Mortgage, 12%, 2010	1,390,000	1,681,900
		22,640,178

Health Care 5.3%

Extendicare Health Services,		
Sr. Notes, 9.5%, 2010	791,000 ^c	887,898
Hanger Orthopedic,		
Sr. Notes, 10.375%, 2009	1,350,000 ^c	1,525,500

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STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Health Care (continued)		
Healthsouth:		
Sr. Notes, 6.875%, 2005	920,000	917,700
Sr. Notes, 7%, 2008	2,801,000	2,709,967
Mariner Health Care,		
Sr. Sub. Notes, 8.25%, 2013	951,000 ^b	972,397
Province Healthcare,		
Sr. Sub. Notes, 7.5%, 2013	2,908,000 ^c	3,038,860
Tenet HealthCare:		
Notes, 7.375%, 2013	5,218,000 ^c	4,735,335
Sr. Notes, 5%, 2007	1,000,000 ^c	917,500
Triad Hospitals,		
Sr. Sub. Notes, 7%, 2013	2,082,000 ^b	2,144,460
		17,849,617
Machinery 1.5%		
Case New Holland,		
Sr. Notes, 9.25%, 2011	2,245,000 ^b	2,548,075
Terex,		

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Sr. Sub. Notes, Ser. B, 10.375%, 2011	2,250,000 ^c	2,576,250
		5,124,325
Manufacturing 4.7%		
Hexcel,		
Sr. Sub. Notes, 9.75%, 2009	3,321,000 ^c	3,470,445
JB Poindexter & Co:		
Sr. Notes, 8.75%, 2014	2,080,000 ^b	2,332,418
Sr. Secured Notes, 12.5%, 2007	1,753,000 ^c	1,761,765
Key Components,		
Sr. Notes, 10.5%, 2008	2,567,000 ^c	2,644,010
Tyco International,		
Gtd. Notes, 6.375%, 2005	5,416,000 ^c	5,671,646
		15,880,284
Media 13.5%		
CSC Holdings,		
Sr. Notes, 6.75%, 2012	4,288,000 ^{b,c}	4,363,040
Charter Communications Holdings/Capital:		
Sr. Discount Notes, 0/11.75%, 2011	4,011,000 ^{c,h}	2,567,040
Sr. Notes, 8.75%, 2013	2,300,000 ^{b,c}	2,357,500
Sr. Notes, 10%, 2011	3,193,000 ^c	2,666,155
Sr. Notes, 10.25%, 2010	3,693,000 ^{b,c}	3,822,255
Sr. Notes, 10.75%, 2009	5,057,000 ^c	4,450,160

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Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Media (continued)		
Dex Media West/Finance,		
Sr. Sub. Notes, 9.875%, 2013	1,410,000 ^b	1,572,150
Diamond,		
Notes, 10%, 2008	GBP 885,000	1,647,902
Granite Broadcasting,		
Secured Notes, 9.75%, 2010	1,843,000 ^b	1,787,710
Gray Television,		
Sr. Sub. Notes, 9.25%, 2011	450,000 ^c	505,125
LBI Media,		
Sr. Discount Notes, 0/11%, 2013	1,392,000 ^h	983,100
Lodgenet Entertainment,		
Sr. Sub. Debs., 9.5%, 2013	419,000 ^c	467,185
NTL,		
Debs., 11.2%, 2007	5,468,000 ^c	5,522,680
Nexstar Finance,		
Sr. Sub. Notes, 7%, 2014	2,993,000 ^{b,c}	2,978,035
Pegasus Communications,		
Sr. Sub. Notes, Ser. B, 12.5%, 2007	4,842,000	4,285,170
Spanish Broadcasting System,		
Sr. Sub. Notes, 9.625%, 2009	5,427,000	5,772,971
		45,748,178
Mining & Metals 3.0%		
AK Steel:		

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Sr. Notes, 7.75%, 2012	3,079,000 ^c	2,763,402
Sr. Notes, 7.875%, 2009	915,000	841,800
Consol Energy,		
Notes, 7.875%, 2012	3,182,000 ^c	3,452,817
Ispat Inland ULC,		
Sr. Secured Notes, 9.75%, 2014	2,862,000 ^b	2,990,790
		10,048,809

Oil & Gas 8.0%

Link Energy,		
Sr. Notes, 9%, 2010	4,261,066	4,261,066
Hanover Compressor,		
Sr. Notes, 8.625%, 2010	921,000	994,680
Hanover Equipment Trust,		
Sr. Secured Notes, Ser. B, 8.75%, 2011	3,912,000 ^c	4,244,520
McMoRan Exploration,		
Sr. Notes, 6%, 2008	4,497,000 ^{b,c}	5,924,797

The Fund **13**

STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Oil & Gas (continued)		
Nuevo Energy,		
Sr. Sub. Notes, Ser. B, 9.375%, 2010	5,296,000 ^c	5,918,280
Premcor Refining,		
Sr. Notes, 9.25%, 2010	900,000 ^c	1,030,500
Wiser Oil,		
Sr. Sub. Notes, 9.5%, 2007	4,554,000	4,554,000
		26,927,843
Packaging & Containers 3.9%		
Graham Packaging,		
Sr. Sub. Notes, Ser. B, 8.75%, 2008	1,535,000 ^c	1,581,050
Owens-Brockway:		
Sr. Notes, 8.25%, 2013	450,000 ^c	465,750
Sr. Secured Notes, 7.75%, 2011	900,000 ^c	945,000
Sr. Secured Notes, 8.875%, 2009	1,000,000 ^c	1,085,000
Pliant:		
Sr. Secured Discount Notes, 0/11%, 2009	1,437,000 ^{b,c,h}	1,156,785
Sr. Secured Notes, 11.125%, 2009	443,000 ^c	465,150
Sr. Sub. Notes, 13%, 2010	900,000 ^c	783,000
Stone Container:		
Sr. Notes, 8.375%, 2012	662,000 ^c	726,545
Sr. Notes, 9.75%, 2011	2,525,000 ^c	2,834,313
Tekni-Plex,		
Sr. Sub. Notes, Ser. B, 12.75%, 2010	3,045,000 ^c	3,204,862
		13,247,455
Paper & Forest Products 4.2%		
Appleton Papers,		

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Sr. Sub. Notes, Ser. B, 12.5%, 2008	850,000 ^C	964,750
Buckeye Technologies:		
Sr. Notes, 8.5%, 2013	1,150,000 ^C	1,242,000
Sr. Sub. Notes, 9.25%, 2008	1,000,000 ^C	1,005,000
Georgia-Pacific:		
Sr. Notes, 7.375%, 2008	1,772,000 ^C	1,944,770
Sr. Notes, 8.875%, 2010	3,051,000 ^C	3,577,298
Sr. Notes, 9.375%, 2013	3,454,000 ^C	4,084,355
Newark Group,		
Sr. Sub. Notes, 9.75%, 2014	1,225,000 ^b	1,212,750
		14,030,923

Pipelines 8.5%

ANR Pipeline,		
Notes, 8.875%, 2010	2,230,000 ^C	2,486,450

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Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Pipelines (continued)		
Dynergy:		
Secured Notes, 9.875%, 2010	5,415,000 ^{b,c}	5,915,887
Secured Notes, 10.125%, 2013	2,968,000 ^{b,c}	3,272,220
El Paso Production,		
Sr. Notes, 7.75%, 2013	2,321,000	2,164,332
Encore Acquisition,		
Sr. Sub. Notes, 6.25%, 2014	238,000 ^b	241,272
Leviathan Gas Pipeline Partners,		
Sr. Sub. Notes, 10.375%, 2009	986,000 ^C	1,050,090
Southern Natural Gas,		
Notes, 8.875%, 2010	1,795,000 ^C	2,001,425
Williams Cos.:		
Notes, 6.5%, 2006	4,933,000 ^C	5,173,484
Notes, 6.625%, 2004	2,850,000 ^C	2,935,500
Notes, 7.125%, 2011	1,000,000 ^C	1,055,000
Putable Asset Term Securities, Ser. A, 6.75%, 2006	556,000 ^C	582,410
Sr. Notes, 8.625%, 2010	1,723,000 ^C	1,903,915
		28,781,985

Residential Mortgage Pass-Through Cdfs 1.1%

Residential Funding Mortgage Securities I, REMIC:		
Ser. 2001-S19, Cl. B1, 6.5%, 2016	136,977	140,730
Ser. 2001-S19, Cl. B2, 6.5%, 2016	68,533 ^b	67,080
Ser. 2001-S19, Cl. B3, 6.5%, 2016	137,004 ^b	70,447
		278,257

Retail 1.1%

Buffets,		
Sr. Sub. Notes, 11.25%, 2010	448,000 ^C	495,040
JC Penney,		
Sr. Notes, 8%, 2010	1,339,000 ^C	1,576,672
Remington Arms,		
Sr. Notes, 10.5%, 2011	335,000 ^C	340,862

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Rite Aid:

Sr. Secured Notes, 8.125%, 2010	319,000 ^c	342,925
Sr. Secured Notes, 12.5%, 2006	899,000	1,040,593
		3,796,092

Structured Index 10.9%

DJ TRAC-X NA:

Credit Linked Trust Cdfs., 6.05%, 2009	22,898,000 ^{b,i}	23,470,450
Credit Linked Trust Cdfs., 8%, 2009	13,164,000 ^{b,c,i}	13,279,185
		36,749,635

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STATEMENT OF INVESTMENTS (continued)

Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Technology 4%		
AMI Semiconductor,		
Sr. Sub. Notes, 10.75%, 2013	1,163,000 ^c	1,363,618
Telecommunications 12.5%		
American Cellular Escrow,		
Sr. Notes, Ser. B, 10%, 2011	1,355,000	1,307,575
American Tower:		
Sr. Notes, 7.5%, 2012	2,769,000 ^b	2,658,240
Sr. Notes, 9.375%, 2009	4,177,000 ^c	4,427,620
Sr. Sub. Notes, 7.25%, 2011	920,000 ^b	945,300
American Tower Escrow,		
Discount Notes, 0%, 2008	450,000 ^{b,c}	318,375
Call-Net Enterprises,		
Sr. Secured Notes, 10.625%, 2008	2,000,000 ^c	2,030,000
Crown Castle International:		
Sr. Notes, 7.5%, 2013	1,371,000	1,353,863
Sr. Notes, 9.375%, 2011	1,386,000 ^c	1,510,740
Sr. Notes, 10.75%, 2011	1,000,000 ^c	1,125,000
Sr. Notes, Ser. B, 7.5%, 2013	1,293,000	1,276,837
Fairpoint Communications,		
Sr. Notes, 11.875%, 2010	449,000 ^c	541,045
Horizon PCS,		
Sr. Notes, 13.75%, 2011	3,000,000 ^d	765,000
Innova S de RL,		
Notes, 9.375%, 2013	1,814,000	1,977,260
Level 3 Financing,		
Sr. Notes, 10.75%, 2011	1,233,000 ^b	1,208,340
MJD Communications,		
Floating Rate Notes, Ser. B, 5.407%, 2008	4,930,000 ^e	4,165,850
Nextel Partners,		
Sr. Notes, 12.5%, 2009	1,073,000	1,266,140
Pegasus Satellite Communications,		
Sr. Notes, 12.375%, 2006	677,000	600,837
Qwest:		

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Bank Note, Ser. A, 5.86%, 2007	2,645,000 ^b	2,717,737
Bank Note, Ser. B, 6.95%, 2010	2,972,000 ^b	3,012,865
Roger Wireless, Sr. Secured Notes, 9.625%, 2011	1,000,000 ^c	1,228,750
SBA Communications, Sr. Discount Notes, 0/9.75%, 2011	6,205,000 ^{b,h}	4,390,037

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Bonds and Notes (continued)	Principal Amount ^a	Value (\$)
Telecommunications (continued)		
Spectrasite, Sr. Notes, 8.25%, 2010	1,329,000	1,428,676
U.S. Unwired, Sr. Sub. Discount Notes, Ser. B, 0/13.375%, 2009	958,000 ^h	900,520
Williams Communication, Bank Note, 6.313%, 2006	1,153,846	1,156,731
		42,313,338
Textiles & Apparel 0.6%		
Dan River, Sr. Notes, 12.75%, 2009	1,831,000 ^{b,d}	425,708
Levi Strauss & Co., Sr. Notes, 12.25%, 2012	2,166,000 ^c	1,646,161
		2,071,869
Transportation 1.5%		
TFM, S.A. de C.V., Sr. Notes, 10.25%, 2007	5,000,000 ^c	5,200,000
Total Bonds and Notes		
(cost \$	438,727,121)	447,787,049

Preferred Stocks 5.7%	Shares	Value (\$)
Commercial Services 0.9%		
Kaiser Group Holdings, Cum., \$ 3.85	54,563	2,905,480
Diversified Financial Service 0.1%		
Williams Holdings Of Delaware, Cum. Conv., \$ 2.75	6,650 ^b	425,600
Media 4.7%		
CSC Holdings, Ser. H, Cum. \$ 117.50	69,166	7,255,513
Paxson Communications: Cum., \$ 1,325	3	26,388
Cum. Conv., \$ 975	762 ^b	6,174,811
Spanish Broadcasting System, Cum. \$ 107.5	2,367 ^b	2,413,845
		15,870,557
Total Preferred Stock		
(cost \$	18,225,909)	19,201,637

STATEMENT OF INVESTMENTS (continued)

Common Stocks 0.4%	Shares	Value (\$)
Oil & Gas 0.1%		
Link Energy	444,013 ^j	266,408
Telecommunications 0.3%		
AboveNet	17,570 ^j	667,660
Neon Communications	158,722 ^{g,j}	507,910
Stelllex Aerostructures	2,793 ^{g,j}	0
		1,175,570
Total Common Stocks		
(cost \$ 6,828,827)		1,441,978

Other 0.1%

Mining And Metals 0.0%		
Kaiser Group Holdings (rights)	108,168 ^{g,j}	0
Imperial Credit Industries (warrants)	118,282 ^{g,j}	0
		0
Telecommunications 0.1%		
AboveNet (warrants)	7,395 ^j	133,113
AboveNet (warrants)	8,700 ^j	121,800
Loral Cyberstar (warrants)	6,980 ^j	70
Neon Communications (warrants)	158,722 ^{g,j}	0
		254,983
Total Other		
(cost \$ 278,519)		254,983

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Other Investments 2.4%	Shares	Value (\$)
Registered Investment Companies:		
Dreyfus Institutional Cash Advantage Fund	2,759,000 ^{c,k}	2,759,000
Dreyfus Institutional Cash Advantage Plus Fund	2,759,000 ^{c,k}	2,759,000
Dreyfus Institutional Preferred Plus Money Market Fund	2,759,000 ^{c,k}	2,759,000
Total Other Investments		
(cost \$ 8,277,000)		8,277,000

Total Investments (cost \$ 472,337,376)	141.1%	476,962,647
Liabilities, Less Cash and Receivables	(41.1%)	(139,005,110)
Net Assets	100.0%	337,957,537

a Principal amount stated in U.S Dollars unless otherwise noted.

GBP Great Britian Pound Sterling

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- b 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 March 31, 2004, these securities amounted to \$157,924,010 or 46.7% of net assets.*
- c Collateral for Revolving Credit and Security Agreement.*
- d Non-income producing security in default.*
- e Variable rate security interest rate subject to periodic change.*
- f Units represent Bond with warrant attached to purchase common stock.*
- g The value of these securities has been determined in good faith under the direction of the Board of Trustees.*
- h Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.*
- i Security linked to a portfolio of debt securities.*
- j Non-income producing security.*
- k Investments in affiliated money market funds. See notes to financial statements.*

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STATEMENT OF ASSETS AND LIABILITIES

March 31, 2004

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments:		
Unaffiliated issuers	464,060,376	468,685,647
Affiliated issuers	8,277,000	8,277,000
Cash		337,677
Dividends and interest receivable		9,546,108
Receivable for investment securities sold		1,073,531
Unrealized appreciation on interest rate swaps—Note 4		48,541
Prepaid expenses		61,889
		488,030,393
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 3(a)		331,190
Due to Shareholder Servicing Agent—Note 3(b)		28,422
Loan payable—Note 2		141,000,000
Payable for investment securities purchased		4,783,030
Dividends payable		3,459,257
Interest and loan fees payable—Note 2		178,028
Accrued expenses		292,929
		150,072,856

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Net Assets (\$) 337,957,537

Composition of Net Assets (\$):

Paid-in capital	987,854,536
Accumulated distributions in excess of investment income net	(2,532,111)
Accumulated net realized gain (loss) on investments	(652,038,687)
Accumulated net unrealized appreciation (depreciation) on investments, foreign currency transactions and swap transactions	4,673,799

Net Assets (\$) 337,957,537

Shares Outstanding

(unlimited number of \$.001 par value shares of Beneficial Interest authorized) 70,959,094

Net Asset Value, per share (\$) **4.76**

See notes to financial statements.

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STATEMENT OF OPERATIONS

Year Ended March 31, 2004

Investment Income (\$):

Interest	44,696,997
Dividends:	
Unaffiliated issuers	1,869,462
Affiliated issuers	104,283

Total Income 46,670,742

Expenses:

Management fee Note 3(a)	4,126,445
Interest expense Note 2	2,306,562
Shareholder servicing costs Note 3(a,b)	488,769
Professional fees	211,951
Trustees fees and expenses Note 3(c)	184,411
Shareholders reports	94,770
Registration fees	66,969
Custodian fees Note 3(a)	45,698
Miscellaneous	49,515

Total Expenses 7,575,090

Less reduction in management fee and shareholder servicing fees due to undertakings Note 3(a,b)	(596,042)
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Net Expenses 6,979,048

Investment Income Net 39,691,694

Realized and Unrealized Gain (Loss) on Investments Note 4 (\$):

Net realized gain (loss) on investments and foreign currency transactions	(4,393,445)
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	(4,471,401)

Net Realized Gain (Loss)	(8,937,779)
Net unrealized appreciation (depreciation) on investments, foreign currency transactions and swap transactions	73,376,894
Net Realized and Unrealized Gain (Loss) on Investments	64,439,115
Net Increase in Net Assets Resulting from Operations	104,130,809
<i>See notes to financial statements.</i>	

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STATEMENT OF CASH FLOWS

Year Ended March 31, 2004

Cash Flows from Operating Activities (\$):

Interest Received	38,254,616	
Dividends Received	1,276,536	
Interest and loan fees paid	(2,315,697)	
Other expenses paid	(1,152,484)	
Paid to The Dreyfus Corporation	(3,474,017)	32,588,954

Cash Flows from Investing Activities (\$):

Purchases of portfolio securities	(662,886,861)	
Net purchases of short-term portfolio securities	(2,723,000)	
Proceeds from sales of portfolio securities	656,228,328	
Foreign Exchange Contract Transactions	(114,205)	
Swap Transactions	(4,471,401)	
Futures Transactions	1,955	(13,965,184)

Cash Flows from Financing Activities (\$):

Dividends paid	(36,208,538)	
Loan Payments	17,000,000	(19,208,538)
Decrease in cash		(584,768)
Cash at beginning of period		922,445

Cash at end of period**337,677****Reconciliation of Net Decrease in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities (\$):**

Net Decrease in Net Assets Resulting From Operations		104,130,809
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used by operating activities (\$):		
Decrease in interest receivable		2,704,668
Decrease in interest and loan fees payable		(9,135)
Decrease in accrued expenses		(8,481)
Increase in prepaid expenses		(1,920)
		56,386

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Increase in Due to The Dreyfus Corporation and affiliates	
Net Interest sold on investments	(3,586,002)
Net realized loss on investments	8,937,779
Net unrealized appreciation on investments	(73,376,894)
Noncash Dividends and interest	(909,724)
Decrease in Dividends receivable	19,752
Net amortization of discount and premium on investments	(5,368,284)

Net Cash Provided by Operating Activities	32,588,954
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Supplementary disclosure noncash financing activities (\$):

Reinvestment of dividends which increases paid-in capital	6,737,416
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See notes to financial statements.

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STATEMENT OF CHANGES IN NET ASSETS

		Year Ended March 31,	
	2004	2003	
Operations (\$):			
Investment income—net	39,691,694	46,814,842	
Net realized gain (loss) on investments	(8,937,779)	(118,614,023)	
Net unrealized appreciation (depreciation) on investments	73,376,894	50,424,756	
Net Increase (Decrease) in Net Assets Resulting from Operations	104,130,809	(21,374,425)	
Dividends to Shareholders from (\$):			
Investment income—net	(42,091,620)	(50,965,977)	
Beneficial Interest Transactions (\$):			
Dividends reinvested—Note 1(c)	6,737,416	9,039,309	
Total Increase (Decrease) in Net Assets	68,776,605	(63,301,093)	
Net Assets (\$):			
Beginning of Period	269,180,932	332,482,025	
End of Period	337,957,537	269,180,932	
Capital Share Transactions (Shares):			
Shares issued for dividends reinvested	1,385,051	2,190,307	

See notes to financial statements.

The Fund **23**

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.

	Year Ended March 31,				
	2004	2003	2002a	2001	2000
Per Share Data (\$):					
Net asset value, beginning of period	3.87	4.93	6.35	10.06	11.83
Investment Operations:					
Investment income—net	.56b	.68b	.81b	1.14	1.46
Net realized and unrealized gain (loss) on investments	.93	(1.00)	(1.33)	(3.57)	(1.75)
Total from Investment Operations	1.49	(.32)	(.52)	(2.43)	(.29)
Distributions:					
Dividends from investment income—net	(.60)	(.74)	(.90)	(1.28)	(1.48)
Net asset value, end of period	4.76	3.87	4.93	6.35	10.06
Market value, end of period	5.48	5.16	5.41	6.47	8 ⁷ / ₈
Total Return (%)^c	19.92	14.22	(1.84)	(14.09)	(14.35)
Ratios/Supplemental Data (%):					
Ratio of expenses, exclusive of interest, to average net assets	1.45	1.54	1.52	1.61	1.50
Ratio of interest expense to average net assets	.72	1.45	2.99	3.13	2.21
Ratio of net investment income to average net assets	12.35	17.66	14.95	14.35	13.20
Decrease reflected in above expense ratios due to undertakings by The Dreyfus Corporation and UBS Warburg LLC	.19d	.19d	.19d	□	□
Portfolio Turnover Rate	145.95	186.19	239.11	42.61	28.37
Net Assets, end of period (\$ x 1,000)	337,958	269,181	332,482	415,597	646,676

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	Year Ended March 31,				
	2004	2003	2002a	2001	2000
Ratios/Supplemental Data (%)					
(continued):					
Average borrowings outstanding (\$ x 1,000)	137,123	126,350	174,415	232,205	268,770
Weighted average number of fund shares outstanding (x 1,000)	70,406	68,538	66,400	64,724	63,785

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Average amount of debt per share (\$) 1.95 1.84 2.63 3.59 4.21

a As required, effective April 1, 2001, the fund has adopted the provisions of AICPA 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/supplemental data for periods prior to April 1, 2001 have not been restated to reflect these changes in presentation.

b Based on average shares outstanding at each month end.

c Calculated based on market value.

d 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.

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NOTES TO FINANCIAL STATEMENTS

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" or "Dreyfus") serves as the fund's investment manager and administrator. The Manager is a wholly-owned subsidiary of Mellon Financial Corporation ("Mellon Financial").

The fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires 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), financial futures, options and swaps) 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 valued 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 last sales price on the securities exchange on which such securities are primarily traded. Investments denomi-

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nated 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

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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 received net earnings credits of \$3,711 during the period ended March 31, 2004 based on available cash balances left on deposit. Income earned under this arrangement is included in interest income.

(d) Affiliated issuers: Issuers in which the fund held investments in other investment companies advised by the Manager are defined as "affiliated" in the Act.

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