

DREYFUS HIGH YIELD STRATEGIES FUND  
Form N-CSR  
May 26, 2006  
**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: 03/31/2006

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**FORM N-CSR**

**Item 1. Reports to Stockholders.**

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## **Dreyfus High Yield Strategies Fund**

### **Protecting Your Privacy Our Pledge to You**

**THE FUND IS COMMITTED TO YOUR PRIVACY.** On this page, you will find the Fund's policies and practices for collecting, disclosing, and safeguarding nonpublic personal information, which may include financial or other customer information. These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund's

consumer privacy policy, and may be amended at any time. We 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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# Contents

## THE FUND

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<b>2</b>	Letter from the Chairman
<b>3</b>	Discussion of Fund Performance
<b>6</b>	Selected Information
<b>7</b>	Statement of Investments
<b>24</b>	Statement of Assets and Liabilities
<b>25</b>	Statement of Operations
<b>26</b>	Statement of Cash Flows
<b>27</b>	Statement of Changes in Net Assets
<b>28</b>	Financial Highlights
<b>30</b>	Notes to Financial Statements
<b>40</b>	Report of Independent Registered Public Accounting Firm
<b>41</b>	Important Tax Information
<b>41</b>	Supplemental Information
<b>42</b>	Proxy Results
<b>43</b>	Information About the Review and Approval

	of the Fund's Management Agreement
<b>52</b>	Dividend Reinvestment Plan
<b>57</b>	Board Members Information
<b>59</b>	Officers of the Fund
<b>61</b>	Officers and Trustees

FOR MORE INFORMATION

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Back Cover

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# The Fund

## **Dreyfus High Yield Strategies Fund**

### LETTER FROM THE CHAIRMAN

Dear Shareholder:

We are pleased to present this annual report for Dreyfus High Yield Strategies Fund, covering the 12-month period from April 1, 2005, through March 31, 2006.

After several years of remarkable resilience in the face of rising short-term interest rates, we recently have seen signs that long-term bond yields are moving higher. By the end of March, yields of 10-year U.S. Treasury securities stood at their highest level since May 2004. Nonetheless, the difference between short-term interest rates and longer-term bond yields has remained near historically narrow levels. In fact, at times during the first quarter of 2006, short-term interest rates were higher than longer-term yields, resulting in a relatively unusual condition known as an *inverted yield curve*. Although analysts in the past have regarded an inverted yield curve as a sign of impending recession, we believe that robust investor demand for longer-term U.S. government securities is primarily responsible for today's narrow yield differences.

Indeed, our chief economist, Richard Hoey, currently expects continued U.S. economic growth. However, the economic expansion may begin to rely less on consumer spending and more on corporate capital investment, exports and non-residential construction. In addition, inflationary pressures may increase moderately due to tighter labor markets and strong demand for goods and services. Clearly, changes in the economic climate might benefit some areas of the financial markets more than others. As always, we encourage you to talk with your financial advisor to discuss investment options that may be suitable for you in this environment.

For more information about how the fund performed, as well as information on market perspectives, we have provided a Discussion of Fund Performance given by the fund's portfolio manager.

Thank you for your continued confidence and support.

## DISCUSSION OF FUND PERFORMANCE

Jon Uhrig, Portfolio Manager

### **How did Dreyfus High Yield Strategies Fund perform relative to its benchmark?**

For the 12-month period ended March 31, 2006, the fund achieved a total return of 8.18% (on a net asset value basis) and produced aggregate income dividends of \$0.41 per share.<sup>1</sup> In comparison, the Merrill Lynch U.S. High Yield Master II Constrained Index (the "Merrill Lynch Constrained Index"), the fund's benchmark, achieved a total return of 6.96% for the same period.<sup>2</sup>

High yield bonds fared relatively well over the reporting period as business fundamentals remained strong for most industries and demand remained robust from investors seeking high levels of current income. The fund achieved a higher return than that of its benchmark, primarily due to the success of our security selection strategy, which helped the fund avoid some of the market's weaker-performing bonds.

### **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.

### **What other factors influenced the fund's performance?**

Despite rising interest rates and volatile energy prices, general economic conditions remained strong over the reporting period. That said, however, the general tenor of news in the fixed-income markets took a detectable turn for the worse. An actively tightening Federal

The Fund 3

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#### DISCUSSION OF FUND PERFORMANCE *(continued)*

Reserve Board and a string of headline-grabbing financial problems in the U.S. automobile industry contributed to nervousness among fixed-income investors. As a result, U.S. government securities and investment-grade corporate bonds produced generally lackluster results.

High yield bonds generally proved to be exceptions to this trend. Yield spreads continued to tighten toward historical lows due to robust demand from overseas investors, generally benign credit conditions and limited supply of new bonds. Because of strong demand for institutional bank loans, a substantial portion of potential high yield bond issuance shifted to the loan market, thereby constricting the supply of high yield bonds.

The fund's relatively modest exposure to some of the market's lagging industry groups served it well during the reporting period. In the automotive sector, General Motors and Ford Motor were downgraded to high yield credit ratings in May and December 2005, respectively, contributing to overall market volatility. Suppliers to the major automakers performed poorly, with several declaring bankruptcy. In the airline industry, high fuel prices and security costs continued to put pressure on air carriers, resulting in some high-profile bankruptcies in 2005. Finally, unlike other commodity producers, paper and pulp manufacturers suffered from a lack of pricing power and anemic earnings, hurting their bonds.

The fund also benefited from a higher-quality credit profile. We reduced the fund's holdings of CCC-rated bonds in favor of those in the "BB" range, which benefited the fund's performance during 2005. Although lower-quality bonds have outperformed higher-quality bonds so far in 2006, it was not enough to offset the previous benefits of the fund's repositioning.

Finally, the fund received strongly positive contributions to its performance from some individual holdings. An overweight position in Georgia Pacific bonds did well when the company was acquired and its bonds were tendered at full value. Similarly, some of Qwest's bonds were tendered by the company at higher prices than we paid for them.

4

On the other hand, the fund's income returns continued to be eroded by the early redemption of some seasoned holdings by their issuers. Because we were unable to reinvest in bonds with commensurately high coupon rates in the current interest-rate environment, we reduced the fund's dividend distribution rate in May 2005. In addition, higher short-term interest rates have increased our borrowing costs, and an unusually flat yield curve has limited our leveraging reinvestment alternatives.

**What is the fund's current strategy?**

So far in 2006, the supply of newly issued high yield bonds has continued to lag global institutional cash flows searching for yield. In addition, many issues coming to market during the first quarter of 2006 were of questionable quality and have not been attractive to us. To the extent new issuance continues in this low-quality vein, it may support prices in the secondary market as investors are unlikely to sell better credits to make room for newly issued bonds. Accordingly, we intend to remain disciplined on the credit front and to strive for a reasonable risk-reward profile on new investments.

April 17, 2006

<sup>1</sup> *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. Return figure provided reflects the absorption of certain fund expenses by The Dreyfus Corporation and the fund's shareholder servicing agent pursuant to an agreement in effect through July 31, 2006, at which time it may be extended, modified or terminated. Had these expenses not been absorbed, the fund's return would have been lower.*

<sup>2</sup> *SOURCE: BLOOMBERG □ Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Merrill Lynch U.S. High Yield Master II Constrained Index is an unmanaged performance benchmark composed of U.S. dollar-denominated domestic and Yankee bonds rated below investment grade with at least \$100 million par amount outstanding and at least one year remaining to maturity. Bonds are capitalization-weighted. Total allocations to an issuer are capped at 2%.*

The Fund 5

**SELECTED INFORMATION**

March 31, 2006 (Unaudited)

Market Price per share March 31, 2006	\$4.04
Shares Outstanding March 31, 2006	71,487,233
New York Stock Exchange Ticker Symbol	DHF

**MARKET PRICE (NEW YORK STOCK EXCHANGE)**

Fiscal Year Ended March 31, 2006

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	Quarter Ended June 30, 2005	Quarter Ended September 30, 2005	Quarter Ended December 31, 2005	Quarter Ended March 31, 2006
High	\$4.62	\$4.41	\$4.27	\$4.27
Low	4.19	4.24	3.81	3.94
Close	4.37	4.24	3.94	4.04

PERCENTAGE	GAIN	(LOSS)	based on change in Market Price*
April 29, 1998 (commencement of operations) through March 31, 2006			( 22.65)%
April 1, 2001 through March 31, 2006			20.90
April 1, 2005 through March 31, 2006			.94
July 1, 2005 through March 31, 2006			(.88)
October 1, 2005 through March 31, 2006			(.07)
January 1, 2006 through March 31, 2006			4.95

**NET ASSET VALUE PER SHARE**

April 29, 1998 (commencement of operations)	\$15.00
March 31, 2005	4.67
June 30, 2005	4.67
September 30, 2005	4.62
December 31, 2005	4.55
March 31, 2006	4.60

PERCENTAGE	GAIN	(LOSS)	based on change in Net Asset Value*
April 29, 1998 (commencement of operations) through March 31, 2006			(12.01)%
April 1, 2001 through March 31, 2006			40.12
April 1, 2005 through March 31, 2006			8.18
July 1, 2005 through March 31, 2006			5.51
October 1, 2005 through March 31, 2006			4.32
January 1, 2006 through March 31, 2006			3.37

\* With dividends reinvested.

6

**STATEMENT OF INVESTMENTS**

March 31, 2006

	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Bonds and Notes</b> 138.3%				
<b>Advertising</b> .4%				
R.H. Donnelley, Sr. Sub. Notes	10.88	12/15/12	551,000 <sup>a,b</sup>	613,676
R.H. Donnelley, Sr. Sub. Notes	10.88	12/15/12	690,000	768,488
				<b>1,382,164</b>
<b>Aerospace &amp; Defense</b> 2.7%				

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Alliant Techsystems, Sr. Sub. Notes	6.75	4/1/16	915,000	928,725
Argo-Tech, Sr. Notes	9.25	6/1/11	1,182,000 <sup>b</sup>	1,252,920
BE Aerospace, Sr. Sub. Notes, Ser. B	8.88	5/1/11	1,239,000 <sup>b</sup>	1,294,755
DRS Technologies, Sr. Sub. Notes	6.88	11/1/13	438,000	440,190
L-3 Communications, Conv. Bonds	3.00	8/1/35	550,000 <sup>a</sup>	567,875
L-3 Communications, Sr. Sub. Notes, Ser. B	6.38	10/15/15	1,400,000 <sup>b</sup>	1,386,000
L-3 Communications, Sr. Sub. Notes	7.63	6/15/12	1,050,000 <sup>b</sup>	1,089,375
TransDigm, Sr. Sub. Notes	8.38	7/15/11	1,955,000 <sup>b</sup>	2,052,750
				<b>9,012,590</b>
<b>Agricultural 4.4%</b>				
Alliance One International, Sr. Notes	11.00	5/15/12	1,430,000 <sup>b</sup>	<b>1,379,950</b>
<b>Airlines 8.8%</b>				
Northwest Airlines, Pass-Through Cdfs., Ser. 1996-1	7.67	1/2/15	1,601,875 <sup>b</sup>	1,551,056
United AirLines, Pass-Through Cdfs., Ser. 2000-2	7.81	10/1/09	1,153,705 <sup>c</sup>	1,148,738
				<b>2,699,794</b>
<b>Automotive, Trucks &amp; Parts 1.9%</b>				
Cooper-Standard Automotive, Sr. Sub. Notes	8.38	12/15/14	525,000	412,125
Goodyear Tire & Rubber, Sr. Notes	9.00	7/1/15	2,525,000	2,575,500
Polypore International, Sr. Discount Notes	10.50	10/1/12	2,003,000 <sup>d</sup>	1,281,920

The Fund 7

STATEMENT OF INVESTMENTS (continued)

<b>Bonds and Notes (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Automotive, Trucks &amp; Parts (continued)</b>				
United Components, Sr. Sub. Notes	9.38	6/15/13	675,000 <sup>b</sup>	654,750
Visteon, Sr. Notes	8.25	8/1/10	1,475,000 <sup>b</sup>	1,224,250

**6,148,545****Banking 2.1%**

Chevy Chase Bank, Sub. Notes	6.88	12/1/13	3,620,000 <sup>b</sup>	3,728,600
Colonial Bank of Montgomery Alabama, Sub. Notes	9.38	6/1/11	1,000,000	1,131,159
Colonial Bank of Montgomery Alabama, Sub. Notes	8.00	3/15/09	750,000	783,146
Shinsei Finance Cayman, Bonds	6.42	1/1/49	325,000 <sup>a</sup>	320,471
Washington Mutual Preferred Funding Delaware, Bonds, Ser. A-1	6.53	3/15/49	1,100,000 <sup>a</sup>	1,069,682
				<b>7,033,058</b>

**Building & Construction 4.4%**

Asia Aluminum, Secured Notes	8.00	12/23/11	355,000 <sup>a</sup>	337,250
Beazer Homes, Sr. Notes	6.88	7/15/15	2,000,000 <sup>b</sup>	1,910,000
Compression Polymers, Sr. Notes	10.50	7/1/13	1,325,000 <sup>a,b</sup>	1,358,125
DR Horton, Sr. Notes	8.50	4/15/12	2,600,000 <sup>b</sup>	2,771,179
Goodman Global, Sr. Notes, Ser. B	7.49	6/15/12	2,225,000 <sup>e</sup>	2,275,062
Goodman Global, Sr. Sub. Notes	7.88	12/15/12	438,000	434,715
Nortek, Sr. Sub. Notes	8.50	9/1/14	1,319,000 <sup>b</sup>	1,348,677
Owens Corning, Debs	7.50	8/1/18	2,826,000 <sup>b,c</sup>	2,281,995
Standard-Pacific, Sr. Notes	6.50	8/15/10	1,600,000 <sup>b</sup>	1,536,000
Texas Industries, Sr. Notes	7.25	7/15/13	250,000	258,750
				<b>14,511,753</b>

**8**


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<b>Bonds and Notes (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Chemicals 7.3%</b>				
Airgas, Sr. Sub. Notes	6.25	7/15/14	1,300,000 <sup>b</sup>	1,287,000
Airgas, Sr. Sub. Notes	9.13	10/1/11	202,000	214,877
Equistar Chemicals/Funding,				



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Sr. Notes Huntsman International,	10.13	9/1/08	1,200,000	1,281,000
Sr. Notes Huntsman International,	9.88	3/1/09	438,000	459,900
Sr. Sub. Notes Huntsman International,	10.13	7/1/09	3,516,000 <sup>b</sup>	3,621,480
Sr. Notes IMC Global,	11.63	10/15/10	909,000 <sup>b</sup>	1,033,987
Sr. Notes, Ser. B Ineos Group,	10.88	6/1/08	1,000,000	1,097,500
Notes Nalco,	8.50	2/15/16	2,900,000 <sup>a</sup>	2,769,500
Sr. Sub. Notes Nova Chemicals,	8.88	11/15/13	4,508,000 <sup>b</sup>	4,710,860
Sr. Notes Nova Chemicals,	6.50	1/15/12	1,170,000	1,093,950
Sr. Notes PQ,	7.56	11/15/13	1,200,000 <sup>e</sup>	1,212,000
Sr. Sub. Notes Rhodia,	7.50	2/15/13	250,000 <sup>a</sup>	241,250
Sr. Notes Rockwood Specialties,	10.25	6/1/10	2,895,000 <sup>b</sup>	3,260,494
Sr. Sub. Notes Westlake Chemical,	10.63	5/15/11	1,006,000 <sup>b</sup>	1,109,115
Notes	6.63	1/15/16	675,000	670,781
				<b>24,063,694</b>
<b>Commercial &amp; Professional Services</b> 2.1%				
Brickman,				
Sr. Sub. Notes, Ser. B Corrections Corp of America,	11.75	12/15/09	888,000 <sup>b</sup>	969,030
Sr. Sub. Notes Hertz,	6.25	3/15/13	2,475,000 <sup>b</sup>	2,447,156
Sr. Notes Hertz,	8.88	1/1/14	1,085,000 <sup>a</sup>	1,131,112
Sr. Sub. Notes	10.50	1/1/16	500,000 <sup>a</sup>	545,000

The Fund 9

STATEMENT OF INVESTMENTS (continued)

<b>Bonds and Notes (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Commercial &amp; Professional Services (continued)</b>				
Service Corp International, Sr. Notes	7.50	6/15/17	660,000 <sup>a</sup>	674,850
Williams Scotsman,				

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Sr. Notes	8.50	10/1/15	1,080,000	1,108,350
				<b>6,875,498</b>
<b>Commercial Mortgage</b>				
<b>Pass Through Ctfs .4%</b>				
Global Signal Trust, Ser. 2006-1, Cl. F	7.04	2/15/36	1,210,000 <sup>a</sup>	<b>1,197,853</b>
<b>Consumer Products 1.2%</b>				
Chattem, Sr. Sub. Notes	7.00	3/1/14	1,105,000	1,109,144
Playtex Products, Sr. Sub. Notes	9.38	6/1/11	2,264,000 <sup>b</sup>	2,377,200
Rayovac, Sr. Sub. Notes	8.50	10/1/13	465,000	432,450
				<b>3,918,794</b>
<b>Diversified Financial Services 10.7%</b>				
BCP Crystal US, Sr. Sub. Notes	9.63	6/15/14	2,280,000 <sup>b</sup>	2,536,500
C&M Finance, Sr. Notes	8.10	2/1/16	350,000 <sup>a</sup>	350,827
CCM Merger, Notes	8.00	8/1/13	1,325,000 <sup>a</sup>	1,325,000
Consolidated Communications Illinois/Texas, Sr. Notes	9.75	4/1/12	747,000 <sup>b</sup>	795,555
E*Trade Financial, Sr. Notes	7.38	9/15/13	350,000	358,750
FINOVA, Notes	7.50	11/15/09	2,195,600 <sup>b</sup>	741,015
Ford Motor Credit, Global Landmark Securities	5.63	10/1/08	1,650,000	1,509,763
Ford Motor Credit, Notes	5.70	11/16/06	4,500,000 <sup>b,e</sup>	4,487,346
Ford Motor Credit, Notes	5.79	9/28/07	1,375,000 <sup>e</sup>	1,320,264
GMAC, Notes	4.38	10/31/07	2,000,000 <sup>f</sup>	2,332,568

10

<b>Bonds and Notes (continued)</b>	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
<b>Diversified Financial Services (continued)</b>				
GMAC, Sr. Notes	5.38	6/6/11	1,140,000 <sup>f</sup>	1,268,906
GMAC, Debs.	6.13	1/22/08	1,515,000	1,441,248

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GMAC, Notes	7.75	1/19/10	3,435,000 <sup>b</sup>	3,351,856
GMAC, Bonds	8.00	11/1/31	1,300,000 <sup>b</sup>	1,231,849
K&F Acquisition, Sr. Sub. Notes	7.75	11/15/14	560,000	569,800
Kansas City Southern Railway, Sr. Notes	9.50	10/1/08	1,090,000	1,169,025
Leucadia National, Sr. Notes	7.00	8/15/13	1,725,000 <sup>b</sup>	1,737,938
Nell AF SARL, Sr. Notes	8.38	8/15/15	1,280,000 <sup>a,b</sup>	1,276,800
Noble, Sr. Notes	6.63	3/17/15	1,475,000 <sup>a</sup>	1,306,363
Residential Capital,				