

Prudential Short Duration High Yield Fund, Inc.
Form N-CSRS
January 25, 2016

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:	811-22632
Exact name of registrant as specified in charter:	Prudential Short Duration High Yield Fund, Inc.
Address of principal executive offices:	655 Broad Street, 17 th Floor Newark, New Jersey 07102
Name and address of agent for service:	Deborah A. Docs 655 Broad Street, 17 th Floor Newark, New Jersey 07102
Registrant's telephone number, including area code:	973-367-7521
Date of fiscal year end:	5/31/2016
Date of reporting period:	11/30/2015

Item 1 Reports to Stockholders

PRUDENTIAL INVESTMENTS, A PGIM BUSINESS

CLOSED-END FUNDS

PRUDENTIAL SHORT DURATION HIGH YIELD FUND, INC.

SEMIANNUAL REPORT · NOVEMBER 30, 2015

Objective

High level of current income

The views expressed in this report and information about the Fund's portfolio holdings are for the period covered by this report and are subject to change thereafter.

The accompanying financial statements as of November 30, 2015, were not audited and, accordingly, no auditor's opinion is expressed on them.

Mutual funds are distributed by Prudential Investment Management Services LLC (PIMS), member SIPC. Prudential Fixed Income is a unit of PGIM, Inc. (PGIM), a registered investment adviser. PIMS and PGIM are Prudential Financial companies. © 2016 Prudential Financial, Inc. and its related entities. The Prudential logo and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

January 15, 2016

Dear Shareholder:

We hope you find the semiannual report for the Prudential Short Duration High Yield Fund, Inc. informative and useful. The report covers performance for the six-month period that ended November 30, 2015.

Since market conditions change over time, we believe it is important to maintain a diversified portfolio of funds consistent with your tolerance for risk, time horizon, and financial goals.

Your financial advisor can help you create a diversified investment plan that may include funds covering all the basic asset classes and that reflects your personal investor profile and risk tolerance. Keep in mind, however, that diversification and asset allocation strategies do not assure a profit or protect against loss in declining markets.

Prudential Investments® is dedicated to helping you solve your toughest investment challenges whether it's capital growth, reliable income, or protection from market volatility and other risks. We offer the expertise of Prudential Financial's affiliated asset managers that strive to be leaders in a broad range of funds to help you stay on course to the future you envision. They also manage money for major corporations and pension funds around the world, which means you benefit from the same expertise, innovation, and attention to risk demanded by today's most sophisticated investors.

Thank you for choosing the Prudential Investments family of funds.

Sincerely,

Stuart S. Parker, President

Prudential Short Duration High Yield Fund, Inc.

Prudential Short Duration High Yield Fund, Inc. 1

Your Fund's Performance (Unaudited)

Performance data quoted represent past performance and assume the reinvestment of all dividends. Past performance does not guarantee future results. An investor may obtain performance data as of the most recent month-end by visiting our website at www.prudentialfunds.com.

Investment Objective

The Fund seeks to provide a high level of current income by investing primarily in higher-rated, below-investment-grade fixed income instruments*. The Fund seeks to maintain a weighted average portfolio duration of three years or less and a weighted average maturity of five years or less.

*There can be no guarantee the Fund will achieve its objective. Higher-rated high yield bonds, commonly referred to as junk bonds, are below investment grade and are considered speculative. They are rated Ba, B by Moody's Investors Service, Inc. (Moody's); BB, B by Standard & Poor's Ratings Services (S&P) and Fitch, Inc. (Fitch); or comparably rated by another nationally recognized statistical rating organization (NRSRO), or if unrated, are considered by PGIM to be of comparable quality.

Performance Snapshot as of 11/30/15

Price Per Share	Total Return For Six Months Ended 11/30/15
\$16.79 (NAV)	2.01%
\$14.38 (Market Price)	4.34%

Total returns are based on changes in net asset value (NAV) or market price, respectively. NAV total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV. Market Price total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Source: Prudential Investments LLC.

Key Fund Statistics as of 11/30/15

Duration	2.7 years	Average Maturity	3.5 years
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Duration shown includes the impact of leverage. Duration measures investment risk that takes into account both a bond's interest payments and its value to maturity. Average Maturity is the average number of years to maturity of the Fund's bonds.

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Credit Quality expressed as a percentage of total investments as of 11/30/15

BBB	3.6%
BB	47.3
B	40.8
CCC	5.7
Cash/Cash Equivalents	2.6
Total Investments	100.0%

Source: PGIM

Credit ratings reflect the highest rating assigned by a nationally recognized statistical rating organization (NRSRO) such as Moody's Investor Service, Inc. (Moody's), Standard & Poor's (S&P) or Fitch, Inc. (Fitch). Credit ratings reflect the common nomenclature used by both S&P and Fitch. Where applicable, ratings are converted to the comparable S&P/Fitch rating tier nomenclature. These rating agencies are independent, and are widely used. Credit ratings are subject to change.

Yield and Dividends as of 11/30/15

Total Monthly Dividends Paid per Share for Period	Current Monthly Dividend Paid per Share	Yield at Market Price as of 11/30/15
\$0.698	\$0.11	9.18%

Yield at market price is the annualized rate determined by dividing current monthly dividend paid per share by the market price per share as of November 30, 2015.

Strategy and Performance Overview

How did the Fund perform?

For the six-month reporting period that ended November 30, 2015, the **Prudential Short Duration High Yield Fund** returned 4.34% on market price and 2.01% based on NAV. For the same period, the Lipper High Current Yield Funds (Leveraged) Average returned 7.80% and the Barclays US High Yield Ba/B 1-5 Year 1% Issuer Constrained Index (the Index) returned 4.54%. All returns reflect reinvestment of dividends. Please note that Lipper performance returns are based on each fund's NAV.

What were conditions like in the short-term US high yield corporate bond market?

High yield corporate bonds struggled at the beginning of the reporting period, pressured by volatile oil prices, concerns about Federal Reserve (Fed) interest rate hikes, and uncertainty surrounding Greece's debt problems.

In the third quarter of 2015, high yield bond prices declined, as spreads—the amount of extra yield that high yield bonds provide over similar-duration US Treasury securities—widened. Worries about slowing economic growth in China and falling commodity prices weighed on investor sentiment.

During October, the high yield bond market rebounded sharply, resulting in its first positive monthly return since May and its largest monthly gain in two years. A weak jobs report drove speculation that the Fed would delay a rate increase, which provided a boost to riskier asset classes. Better than expected corporate earnings, respectable economic data from China, and further monetary policy accommodation from non-US central banks also contributed to the improved mood.

In November, high yield bonds erased most of their October gains, posting their fifth monthly decline of the reporting period. The sell-off was driven by anticipation about a potential Fed rate hike in December, persistent commodity price weakness, and rising risks in a number of non-commodity related sectors such as cable, telecom, health care and retail.

For the period as a whole, higher quality, shorter duration high yield bonds (as represented by the Fund's Index) outperformed the broader high yield market.

According to Lipper, domestic high yield fund flows were negative with \$3.5 billion of investment outflows year-to-date.

New issuance declined. Volume totaled \$289 billion in the year-to-date through November, down 17% from the same period in 2014.

The US speculative grade default rate, as measured by the Moody's issuer default rate, rose from 1.94% at the beginning of the period to 2.98% at the end of the period.

What strategies proved most beneficial to the Fund's performance?

The Fund benefited from effective sector and issue selection during the reporting period.

Within the Fund's sector allocation, a large underweight position versus the Index in the upstream energy sector was the biggest positive contributor to performance. (The upstream energy sector generally refers to companies engaged in energy exploration and production.)

Overweight positions versus the Index in the technology; gaming, lodging, and leisure; building materials and home construction; health care and pharmaceutical; and cable and satellite sectors also added to the Fund's returns during the period.

Investments in the transportation and environmental services, technology, paper and packaging, and upstream energy sectors contributed positively to the Fund's relative results.

The Fund benefited from its lack of exposure to certain issuers within the energy sector. More specifically, the Fund did not own upstream energy names **Linn Energy**, **Chesapeake Energy**, **Sandridge Energy**, and **Energy XXI**, all of which performed poorly during the reporting period. Underweight positions in transportation and environmental services company **Abengoa Yield** and in metals and mining name **United States Steel** also bolstered returns.

What strategies detracted most from the Fund's performance?

The Fund's performance was hurt by its underweight positions in the banking, financials, and telecommunications sectors.

Issue selection in the health care and pharmaceutical; gaming, lodging and leisure and retailers and restaurants sectors detracted modestly from performance.

The Fund's performance was hampered by its overweight positions in metals and mining companies **Murray Energy Holdings** and **Berau Coal**. Lack of exposure to banking names **Ally Financial** and **Royal Bank of Scotland** also dampened results.

How did the Fund's leverage strategy affect its performance?

The Fund's use of borrowing (leverage) detracted from returns as a result of the negative performance of the holdings as well as the cost of borrowing.

As of November 30, 2015, the Fund had borrowed \$200 million and was about 26.4% leveraged. During the reporting period, the average amount of leverage used by the Fund was approximately 26.2%.

Strategy and Performance Overview (continued)

Benchmark Definitions

Barclays US High Yield Ba/B 1-5 Year 1% Issuer Constrained Index

The Barclays US High Yield Ba/B 1-5 Year 1% Issuer Constrained Index is an unmanaged index which represents performance of US higher-rated short duration high yield bonds.

Source: Barclays.

Lipper High Current Yield Funds (Leveraged) Average

The Lipper High Current Yield Funds (Leveraged) Average (Lipper Average) represents returns based on an average return of 35 funds in the Closed-End High Current Yield Funds (Leveraged) category.

Investors cannot invest directly in an index or average.

Looking for additional information?

The Fund is traded under the symbol **ISD** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available online under the symbol **XISDX** on most financial websites. *Barron's* and *The Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues press releases that can be found on most major financial websites as well as on www.prudentialfunds.com.

In a continuing effort to provide information concerning the Fund, shareholders may go to www.prudentialfunds.com or call (800) 451-6788 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price, and other information.

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Portfolio of Investments

as of November 30, 2015 (Unaudited)

Description	Interest Rate	Maturity Date	Principal Amount (000)#	Value (Note 1)
LONG-TERM INVESTMENTS 130.3%				
BANK LOANS(a) 3.1%				
Chemicals 1.2%				
Axalta Coating Systems US Holdings	3.750%	02/01/20	897	\$ 888,140
MacDermid, Inc.	4.500	06/07/20	3,250	3,153,312
MacDermid, Inc.	5.500	06/07/20	2,450	2,381,094
				6,422,546
Gaming 0.3%				
MGM Resorts International	3.500	12/20/19	1,945	1,932,358
Metals 0.5%				
Murray Energy Corp.	7.500	04/16/20	3,990	2,678,287
Technology 0.7%				
BMC Software Finance, Inc.	5.000	09/10/20	2,238	1,937,156
Kronos, Inc.	9.750	04/30/20	1,865	1,882,491
				3,819,647
Telecommunications 0.4%				
Communications Sales & Leasing, Inc.	5.000	10/24/22	2,569	2,392,778
TOTAL BANK LOANS (cost \$18,866,735)				17,245,616
CORPORATE BONDS 127.2%				
Airlines 2.6%				
Continental Airlines, Inc., Pass-Through Trust, Series 2012-3, Class C, Pass-Through Certificates(b)	6.125	04/29/18	10,700	11,074,500
United Airlines, Pass-Through Trust, Series 2007-1, Class A, Pass-Through Certificates	6.636	07/02/22	3,208	3,424,306
				14,498,806
Auto Manufacturers 0.5%				
Fiat Chrysler Automobiles NV (United Kingdom), Sr. Unsec d. Notes	4.500	04/15/20	1,050	1,055,250
Jaguar Land Rover Automotive PLC (United Kingdom), Gtd. Notes, 144A	4.250	11/15/19	1,600	1,632,000
				2,687,250

See Notes to Financial Statements.

Portfolio of Investments

as of November 30, 2015 (Unaudited) continued

Description	Interest Rate	Maturity Date	Principal Amount (000)#	Value (Note 1)
CORPORATE BONDS (Continued)				
Auto Parts & Equipment 2.6%				
American Axle & Manufacturing, Inc.,				
Gtd. Notes(b)	5.125 %	02/15/19	2,650	\$ 2,683,125
Gtd. Notes	7.750	11/15/19	1,720	1,904,900
Meritor, Inc., Gtd. Notes	6.750	06/15/21	1,200	1,165,500
Schaeffler Holding Finance BV (Germany),				
Sr. Sec d. Notes, PIK, 144A	6.250	11/15/19	1,200	1,269,000
Sr. Sec d. Notes, PIK, 144A	6.875	08/15/18	6,850	7,081,187
ZF North America Capital, Inc. (Germany), Gtd. Notes, 144A	4.000	04/29/20	250	250,938
				14,354,650
Banks 0.8%				
CIT Group, Inc., Sr. Unsec d. Notes(b)				
	4.250	08/15/17	4,175	4,253,281
Beverages 1.7%				
Constellation Brands, Inc.,				
Gtd. Notes	3.875	11/15/19	2,025	2,095,875
Gtd. Notes(b)	7.250	09/01/16	3,052	3,166,450
Cott Beverages, Inc. (Canada), Gtd. Notes(b)	6.750	01/01/20	3,875	4,020,312
				9,282,637
Building Materials 4.9%				
Cemex Finance LLC (Mexico), Sr. Sec d. Notes, 144A(b)				
	9.875	04/30/19	5,000	5,312,500
Unifrax I LLC/Unifrax Holding Co., Gtd. Notes, 144A				
(original cost \$9,944,030; purchased 05/14/14 - 07/28/14)(c)(d)	7.500	02/15/19	9,538	9,013,410
US Concrete, Inc., Sr. Sec d. Notes(b)	8.500	12/01/18	7,675	7,991,594
USG Corp.,				
Gtd. Notes, 144A	5.875	11/01/21	1,118	1,173,900
Sr. Unsec d. Notes	9.750	01/15/18	3,600	4,041,000
				27,532,404
Capital Goods 0.6%				
Michael Baker International LLC/CDL Acquisition Company, Inc., Sr. Sec d. Notes, 144A(b)				
	8.250	10/15/18	3,575	3,262,188

See Notes to Financial Statements.