

Neuberger Berman High Yield Strategies Fund Inc.
Form N-CSR
January 07, 2013

As filed with the Securities and Exchange Commission on January 4, 2013

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: 811-22396

NEUBERGER BERMAN HIGH YIELD STRATEGIES FUND INC.

(Exact Name of the Registrant as Specified in Charter)

c/o Neuberger Berman Management LLC

605 Third Avenue, 2nd Floor

New York, New York 10158-0180

(Address of Principal Executive Offices – Zip Code)

Registrant's telephone number, including area code: (212) 476-8800

Robert Conti
Chief Executive Officer and President
Neuberger Berman High Yield Strategies Fund Inc.
c/o Neuberger Berman Management LLC
605 Third Avenue, 2nd Floor
New York, New York 10158-0180

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Washington, D.C. 20006-1600
(Names and Addresses of agents for service)

Date of fiscal year end: October 31, 2012

Date of reporting period: October 31, 2012

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (“OMB”) control number. Please direct

comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Report to Stockholders.

Neuberger Berman
High Yield Strategies
Fund Inc.

Annual Report
October 31, 2012

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President's Letter

Dear Shareholder,

I am pleased to present the annual report for Neuberger Berman High Yield Strategies Fund Inc. for the 12 months ended October 31, 2012. The report includes a portfolio commentary, a listing of the Fund's investments and its audited financial statements for the reporting period. The Fund seeks high total return (income plus capital appreciation). To pursue that objective, we have assembled a portfolio that consists primarily of high yield debt securities.

I would like to provide an update on the Fund's tender offer activity. The Fund adopted a tender offer program under which if its common shares traded at an average daily discount to net asset value per share ("NAV") of greater than 10% during a 12-week measurement period, the Fund would conduct a tender offer for between 5% and 20% of its outstanding common shares at a price equal to 98% of its NAV determined on the day the tender offer expires. On April 20, 2012, the Fund announced the fourth and last measurement period under its tender offer program. This measurement period commenced on April 23, 2012 and ended on July 16, 2012. For the 12-week measurement period, the Fund traded at an average daily premium to NAV and, accordingly, was not required to conduct a tender offer.

Thank you for your confidence in the Fund. We will do our best to continue earning your trust in the years to come.

Sincerely,

Robert Conti
President and CEO
Neuberger Berman High Yield Strategies Fund Inc.

High Yield Strategies Fund Inc. Portfolio Commentary (Unaudited)

Neuberger Berman High Yield Strategies Fund Inc. generated a 17.24% total return on a net asset value ("NAV") basis for the 12 months ended October 31, 2012 and outperformed its benchmark, the BofA Merrill Lynch U.S. High Yield Master II Constrained Index, which provided a 13.15% return for the period. The use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) was beneficial for performance as well.

The high yield market posted a strong return during the reporting period. Supporting the market were generally positive fundamentals as corporate earnings were typically solid and balance sheets were often flush with cash. Sentiment for the high yield market was also boosted by relatively low defaults. Against this backdrop, demand was mostly robust as investors looked to generate yield in what appears to be an extended period of extremely low interest rates. Overall, the high yield market outperformed equal-duration Treasuries and lower-quality securities performed better than their higher-rated counterparts. For the 12 months ended October 31, 2012, CCC-rated (a relatively low rating) securities in the benchmark and BB-rated (rated higher) securities returned 15.23% and 12.97%, respectively.

For the Fund, sector positioning detracted from relative performance during the reporting period. In particular, underweights, relative to the benchmark, in banking, real estate/homebuilders and insurance were negative for results. This was partially offset by our overweights in printing/publishing and media-broadcast, along with an underweight in aerospace/defense. On the upside, security selection in aggregate was beneficial for the Fund's performance relative to the index. The largest contributions came from our holdings in the telecommunications, technology/electronics and packaging sectors. This was somewhat mitigated by security selection in the utilities, chemicals and energy sectors.

The Fund's quality biases produced mixed results during the reporting period. While an overweight to BB-rated issues and a slight underweight to CCC-rated securities detracted from relative performance, this was offset by security selection in B-rated issues.

We made several adjustments to the portfolio during the reporting period. From a sector perspective, we increased the portfolio's exposures to energy, technology and health care. In contrast, we reduced the portfolio's exposures to utilities, diversified financials and automotive. From a quality perspective, we added to the portfolio's allocation to B-rated issues.

As previously mentioned, the use of leverage enhanced the Fund's performance during the reporting period. Conversely, the Fund's use of derivatives detracted from performance during the fiscal year.

We continue to have a positive outlook for the high yield market as, in our view, many of the factors supporting the market over the last 12 months remain in place. From a fundamentals perspective, we find that corporate balance sheets are generally solid and earnings remain respectable. We also believe the economy will continue expanding at a modest pace, which could keep inflation in check. Furthermore, many corporations have taken advantage of extremely low borrowing costs to extend their maturities at very favorable rates. We believe this will result in below-average high yield defaults in 2013.

In terms of market technicals, we anticipate ongoing robust supply. However, we feel that much of this will continue to be driven by refinancing activity. We anticipate that investor demand will remain strong given the low interest rate

environment. That being said, there could be periods of volatility given numerous macro issues, including the upcoming fiscal cliff and ongoing issues in Europe.

Sincerely,

Ann Benjamin, Tom O'Reilly, Russ Covode,
Portfolio Co-Managers

The portfolio composition, industries and holdings of the Fund are subject to change.

TICKER SYMBOL

High Yield Strategies Fund	NHS
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PORTFOLIO BY MATURITY
DISTRIBUTION

(as a % of Total Investments)

Less than One Year	0.3%
One to less than Five Years	22.9
Five to less than Ten Years	70.6
Ten Years or Greater	6.2
Total	100.0%

PERFORMANCE HIGHLIGHTS¹

	Inception Date	Average Annual Total Return Ended 10/31/2012		
		1 Year	5 Years	Life of Fund
At NAV ²	07/28/2003	17.24%	11.74%	11.26%
At Market Price ³	07/28/2003	13.68%	14.01%	10.83%
Index BofA Merrill Lynch U.S. High Yield Master II Constrained Index ⁴		13.15%	9.28%	9.02%

Closed-end funds, unlike open-end funds, are not continually offered. Generally, there is an initial public offering and, once issued, common shares of closed-end funds are sold in the open market through a stock exchange.

The performance data quoted represent past performance and do not indicate future results. Current performance may be lower or higher than the performance data quoted. For more current performance data, please visit www.nb.com.

The results shown in the table reflect the reinvestment of income dividends and other distributions, if any. The results do not reflect the effect of taxes a shareholder would pay on Fund distributions or on the sale of Fund shares.

Investment return and market price will fluctuate and common shares may trade at prices below NAV. Common shares, when sold, may be worth more or less than their original cost.

Returns would have been lower if Neuberger Berman Management LLC ("Management") had not waived a portion of its investment management fees during the periods shown. Please see Note B in the Notes to Financial Statements for specific information regarding fee waiver arrangements.

Endnotes (Unaudited)

1 The performance information for periods prior to August 6, 2010 is that of Neuberger Berman High Yield Strategies Fund, a predecessor to the Fund.

2 Returns based on the net asset value ("NAV") of the Fund.

3 Returns based on the market price of Fund common shares on the NYSE MKT.

4 Please see "Glossary of Index" starting on page 6 for a description of the index. Please note that the index does not take into account any fees, expenses or tax consequences of investing in the individual securities that it tracks, and that individuals cannot invest directly in any index. Data about the performance of the index are prepared or obtained by Management and reflect the reinvestment of income dividends and other distributions, if any. The Fund may invest in securities not included in the described index and/or may not invest in all securities included in the described index.

For more complete information on Neuberger Berman High Yield Strategies Fund Inc., call Management at (800) 877-9700, or visit our website at www.nb.com.

Glossary of Index (Unaudited)

BofA Merrill Lynch U.S. High Yield Master II Constrained Index: An unmanaged market value-weighted index of all domestic and Yankee high yield bonds, including deferred interest bonds and payment-in-kind securities. Qualifying bonds must have at least one year remaining to maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Qualifying bonds are capitalization weighted provided the total allocation to an individual issuer does not exceed 2%.

Schedule of Investments High Yield Strategies Fund Inc.

PRINCIPAL AMOUNT		VALUE†
Bank Loan Obligations_μ (10.6%)		
Automotive (1.3%)		
\$ 2,977,932	Chrysler Automotive, Term Loan B, 6.00%, due 5/24/17	\$ 3,039,545
625,000	Navistar International, Term Loan B, 7.00%, due 8/15/17	626,563 ^{ε^^}
		3,666,108
Building & Development (1.0%)		
2,745,000	Realty Corporation, Term Loan, 4.46%, due 10/10/16	2,737,643
Business Equipment & Services (0.7%)		
1,105,000	Ceridian Corp., Term Loan, 5.96%, due 5/9/17	1,100,856
905,101	Monitronics, Term Loan, 5.50%, due 3/23/18	909,627
		2,010,483
Ecological Services & Equipment (0.4%)		
980,000	ADS Waste Holdings, Inc., Term Loan B, 5.25%, due 9/28/19	988,820 ^{ε^^}
Electronics—Electrical (0.3%)		
770,122	Sophia LP, Term Loan, 6.25%, due 7/19/18	778,978
Financial Intermediaries (1.1%)		
777,007	First Data Corporation, Term Loan, 5.21%, due 3/24/17	763,410
2,148,000	Springleaf, Term Loan, 5.50%, due 5/10/17	2,117,391
		2,880,801
Health Care (1.3%)		
1,099,380	EMS, Term Loan, 5.25%, due 5/25/18	1,107,031
1,270,400	Pharmaceutical Product Development, Inc., Term Loan, 6.25%, due 12/5/18	1,286,598
1,269,810	United Surgical Partners, Term Loan B, 6.00%, due 4/3/19	1,280,387
		3,674,016
Lodging & Casinos (2.9%)		
4,290,774	Ceasers Entertainment Operating Co., Term Loan B5, 4.46%, due 1/28/18	3,706,628 ^{ε^^}
2,849,000		2,908,345

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	Graton Resort & Casino, Term Loan B, 9.00%, due 8/3/18	
1,496,823	Station Casinos, Term Loan B-2, 4.21%, due 6/17/16	1,427,595
		8,042,568
Nonferrous Metals—Minerals (0.3%)		
753,113	Arch Coal, Term Loan, 5.75%, due 5/16/18	759,032
Oil & Gas (0.4%)		
1,104,408	Chesapeake Energy, Term Loan B, 8.50%, due 12/2/17	1,105,468
Publishing (0.3%)		
1,041,400	Cengage Learning, Term Loan B1, 5.72%, due 7/31/17	944,633
Radio & Television (0.2%)		
555,000	Clear Channel, Term Loan A, 3.61%, due 7/30/14	537,357

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Retailers (Except Food & Drug) (0.4%)		
\$ 959,000	Amscan Holdings, Inc., Term Loan, 5.75%, due 7/27/19	\$ 967,151
	Total Bank Loan Obligations (Cost \$28,553,735)	29,093,058
Corporate Debt Securities (125.9%)		
Airlines (1.2%)		
1,085,000	Continental Airlines, Inc., Senior Secured Notes, 6.75%, due 9/15/15	1,135,181ñ
1,271,000	United Airlines, Inc., Senior Secured Notes, 9.88%, due 8/1/13	1,296,420ñ
765,439	United Airlines, Inc., Pass-Through Certificates, Ser. 2009-2, Class A, 9.75%, due 1/15/17	885,996
		3,317,597
Automakers (0.9%)		
945,000	Ford Holdings, Inc., Guaranteed Notes, 9.30%, due 3/1/30	1,326,543
845,000	Ford Motor Co., Senior Unsecured Notes, 9.98%, due 2/15/47	1,173,494
		2,500,037
Banking (3.4%)		
2,470,000	Ally Financial, Inc., Guaranteed Notes, 6.25%, due 12/1/17	2,712,662
185,000	Ally Financial, Inc., Subordinated Notes, 8.00%, due 12/31/18	208,819
4,080,000	Ally Financial, Inc., Guaranteed Notes, 8.00%, due 3/15/20	4,865,808
820,000	Ally Financial, Inc., Guaranteed Notes, 7.50%, due 9/15/20	966,575
486,000	Ally Financial, Inc., Guaranteed Notes, 8.00%, due 11/1/31	578,340
		9,332,204
Building & Construction (0.8%)		
650,000		682,500

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	Beazer Homes USA, Inc., Guaranteed Notes, 9.13%, due 5/15/19	
965,000	D.R. Horton, Inc., Guaranteed Notes, 4.38%, due 9/15/22	967,413
490,000	Standard Pacific Corp., Guaranteed Notes, 8.38%, due 1/15/21	568,400
		2,218,313
Building Materials (2.1%)		
905,000	Masco Corp., Senior Unsecured Notes, 6.13%, due 10/3/16	990,579
310,000	Ply Gem Industries, Inc., Senior Secured Notes, 8.25%, due 2/15/18	330,925
1,990,000	USG Corp., Senior Unsecured Notes, 9.75%, due 1/15/18	2,174,075
2,050,000	USG Corp., Guaranteed Notes, 8.38%, due 10/15/18	2,234,500ñ
		5,730,079
Chemicals (4.7%)		
485,000	Huntsman Int'l LLC, Guaranteed Notes, 8.63%, due 3/15/20	546,838
1,530,000	Huntsman Int'l LLC, Guaranteed Notes, 8.63%, due 3/15/21	1,740,375
725,000	LyondellBasell Industries NV, Senior Unsecured Notes, 6.00%, due 11/15/21	838,281
3,935,000	Momentive Performance Materials, Inc., Senior Secured Notes, 10.00%, due 10/15/20	3,777,600ñ
4,640,000	Momentive Performance Materials, Inc., Secured Notes, 9.00%, due 1/15/21	3,201,600
2,835,000	MPM Escrow LLC/MPM Finance Escrow Corp., Senior Secured Notes, 8.88%, due 10/15/20	2,778,300ñ
		12,882,994
Computer Hardware (0.6%)		
1,505,000	Seagate HDD Cayman, Guaranteed Notes, 7.00%, due 11/1/21	1,572,725

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Consumer—Commercial Lease Financing (4.3%)		
\$ 1,915,000	CIT Group, Inc., Senior Unsecured Notes, 6.63%, due 4/1/18	\$ 2,135,225ñ
3,160,000	CIT Group, Inc., Senior Unsecured Notes, 5.50%, due 2/15/19	3,369,350ñ
2,340,000	Int'l Lease Finance Corp., Senior Unsecured Notes, 8.75%, due 3/15/17	2,732,301
1,240,000	Int'l Lease Finance Corp., Senior Unsecured Notes, 8.88%, due 9/1/17	1,460,100
1,965,000	Int'l Lease Finance Corp., Senior Unsecured Notes, 6.25%, due 5/15/19	2,117,781
		11,814,757
Consumer Products (0.1%)		
365,000	Alphabet Holding Co., Inc., Senior Unsecured Notes, 7.75%, due 11/1/17	368,194ñc
Department Stores (2.4%)		
7,069,000	Sears Holdings Corp., Secured Notes, 6.63%, due 10/15/18	6,609,515
Electric—Generation (2.9%)		
572,000	Calpine Corp., Senior Secured Notes, 7.25%, due 10/15/17	606,320ñØØ
670,000	Calpine Corp., Senior Secured Notes, 7.88%, due 7/31/20	733,650ñØØ
565,000	NRG Energy, Inc., Guaranteed Notes, 7.63%, due 1/15/18	617,263
2,045,000	NRG Energy, Inc., Guaranteed Notes, 8.25%, due 9/1/20	2,254,612
3,315,000	NRG Energy, Inc., Guaranteed Notes, 7.88%, due 5/15/21	3,629,925ØØ
		7,841,770
Electric—Integrated (0.7%)		
1,735,000	IPALCO Enterprises, Inc., Senior Secured Notes, 7.25%, due 4/1/16	1,932,358ñ
Electronics (3.1%)		
1,775,000	Ceridian Corp., Guaranteed Notes, 11.25%, due 11/15/15	1,730,625
4,510,125	Ceridian Corp., Guaranteed Notes, 12.25%, due 11/15/15	4,431,198c

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1,230,000	Ceridian Corp., Senior Secured Notes, 8.88%, due 7/15/19	1,303,800ñ
935,000	Freescale Semiconductor, Inc., Senior Secured Notes, 9.25%, due 4/15/18	1,000,450ñ 8,466,073
Energy—Exploration & Production (13.3%)		
1,535,000	Chesapeake Energy Corp., Guaranteed Notes, 6.50%, due 8/15/17	1,629,019
170,000	Chesapeake Energy Corp., Guaranteed Notes, 6.88%, due 8/15/18	178,500
1,250,000	Chesapeake Energy Corp., Guaranteed Notes, 7.25%, due 12/15/18	1,331,250
1,080,000	Chesapeake Energy Corp., Guaranteed Notes, 6.63%, due 8/15/20	1,134,000
1,870,000	Chesapeake Energy Corp., Guaranteed Notes, 6.13%, due 2/15/21	1,893,375
1,025,000	EP Energy LLC/Everest Acquisition Finance, Inc., Guaranteed Notes, 7.75%, due 9/1/22	1,060,875ñ
4,107,000	Everest Acquisition LLC, Senior Unsecured Notes, 9.38%, due 5/1/20	4,538,235ñ
3,895,000	EXCO Resources, Inc., Guaranteed Notes, 7.50%, due 9/15/18	3,661,300ØØ
1,460,000	Forest Oil Corp., Guaranteed Notes, 7.50%, due 9/15/20	1,492,850ñ
2,205,000	Linn Energy LLC, Guaranteed Notes, 6.25%, due 11/1/19	2,205,000ñ
1,255,000	Linn Energy LLC, Guaranteed Notes, 8.63%, due 4/15/20	1,372,656
2,190,000	Linn Energy LLC, Guaranteed Notes, 7.75%, due 2/1/21	2,337,825
930,000	Plains Exploration & Production Co., Guaranteed Notes, 7.63%, due 6/1/18	985,800
85,000	Plains Exploration & Production Co., Guaranteed Notes, 6.13%, due 6/15/19	84,788
845,000	Plains Exploration & Production Co., Guaranteed Notes, 8.63%, due 10/15/19	931,612
1,525,000		1,525,000

	Plains Exploration & Production Co., Guaranteed Notes, 6.50%, due 11/15/20	
805,000	Plains Exploration & Production Co., Guaranteed Notes, 6.63%, due 5/1/21	805,000
2,710,000	Plains Exploration & Production Co., Guaranteed Notes, 6.75%, due 2/1/22	2,723,550
1,430,000	Plains Exploration & Production Co., Guaranteed Notes, 6.88%, due 2/15/23	1,428,212
1,805,000	SandRidge Energy, Inc., Guaranteed Notes, 8.00%, due 6/1/18	1,895,250ñ
645,000	SandRidge Energy, Inc., Guaranteed Notes, 7.50%, due 2/15/23	667,575ñ
2,330,000	WPX Energy, Inc., Senior Unsecured Notes, 6.00%, due 1/15/22	2,493,100
		36,374,772

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Food & Drug Retailers (1.1%)		
\$ 675,000	Rite Aid Corp., Guaranteed Notes, 9.50%, due 6/15/17	\$ 693,562
560,000	Rite Aid Corp., Secured Notes, 10.25%, due 10/15/19	639,800
1,442,000	Rite Aid Corp., Senior Secured Notes, 8.00%, due 8/15/20	1,656,858
		2,990,220
Gaming (7.0%)		
1,155,000	Boyd Acquisition Sub LLC/Boyd Acquisition Finance Corp., Guaranteed Notes, 8.38%, due 2/15/18	1,180,987ñ
465,000	Boyd Gaming Corp., Senior Subordinated Notes, 7.13%, due 2/1/16	454,538
725,000	CityCenter Holdings LLC, Senior Secured Notes, 7.63%, due 1/15/16	773,938
1,090,000	CityCenter Holdings LLC, Senior Secured Notes, 7.63%, due 1/15/16	1,160,850ñ
250,271	CityCenter Holdings LLC, Secured Notes, 10.75%, due 1/15/17	264,662c
3,085,000	Graton Economic Development Authority, Senior Secured Notes, 9.63%, due 9/1/19	3,281,669ñ
975,000	MGM Mirage, Inc., Guaranteed Notes, 7.50%, due 6/1/16	1,033,500
730,000	MGM Mirage, Inc., Senior Secured Notes, 9.00%, due 3/15/20	813,950
1,775,000	MGM Resorts Int'l, Guaranteed Notes, 6.75%, due 10/1/20	1,761,687ñ
3,655,000	MGM Resorts Int'l, Guaranteed Notes, 7.75%, due 3/15/22	3,778,356ØØ
400,000	Mohegan Tribal Gaming Authority, Secured Notes, 10.50%, due 12/15/16	377,000ñ
1,920,000	Mohegan Tribal Gaming Authority, Guaranteed Notes, 11.00%, due 9/15/18	1,423,200ñ
890,979	Pinnacle Entertainment, Inc., Guaranteed Notes, 7.75%, due	964,485

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	4/1/22	
1,090,000	Seminole Indian Tribe of Florida, Notes, 7.75%, due 10/1/17	1,188,100ñ
691,000	Wynn Las Vegas LLC, 1st Mortgage, 7.75%, due 8/15/20	775,647
		19,232,569
Gas Distribution (8.0%)		
25,000	Access Midstream Partner L.P., Guaranteed Notes, 5.88%, due 4/15/21	26,000
1,740,000	Access Midstream Partner L.P., Guaranteed Notes, 6.13%, due 7/15/22	1,840,050
1,710,000	AmeriGas Finance LLC, Guaranteed Notes, 6.75%, due 5/20/20	1,838,250
1,825,000	AmeriGas Finance LLC, Guaranteed Notes, 7.00%, due 5/20/22	1,982,406
970,000	El Paso Corp., Senior Unsecured Notes, 7.00%, due 6/15/17	1,108,260
225,000	El Paso Corp., Senior Unsecured Notes, 7.25%, due 6/1/18	259,797
1,145,000	El Paso Corp., Senior Unsecured Global Medium-Term Notes, 7.75%, due 1/15/32	1,366,437
1,315,000	El Paso Energy Corp., Senior Unsecured Global Medium-Term Notes, 7.80%, due 8/1/31	1,565,062
2,700,000	Energy Transfer Equity L.P., Senior Secured Notes, 7.50%, due 10/15/20	3,071,250ØØ
1,990,000	Ferrellgas L.P., Senior Unsecured Notes, 9.13%, due 10/1/17	2,129,300
665,000	Kinder Morgan Finance Co., Guaranteed Notes, 5.70%, due 1/5/16	727,994
2,505,000	MarkWest Energy Partners L.P., Guaranteed Notes, Ser. B, 8.75%, due 4/15/18	2,680,350
1,360,000	Regency Energy Partners L.P., Guaranteed Notes, 6.88%, due 12/1/18	1,462,000
958,000	Suburban Propane Partners L.P./Suburban Energy Finance	1,029,850ñ

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	Corp., Senior Unsecured Notes, 7.50%, due 10/1/18	
	Suburban Propane Partners L.P./Suburban Energy Finance Corp., Senior Unsecured Notes, 7.38%, due 8/1/21	708,340ñ
662,000		
		21,795,346
Health Facilities (5.9%)		
2,455,000	CHS/Community Health Systems, Inc., Senior Secured Notes, 5.13%, due 8/15/18	2,547,062
695,000	Columbia Healthcare Corp., Senior Unsecured Notes, 7.50%, due 12/15/23	695,000
4,000,000	Columbia/HCA Corp., Senior Unsecured Notes, 7.69%, due 6/15/25	4,040,000
545,000	Columbia/HCA Corp., Senior Unsecured Notes, 7.05%, due 12/1/27	515,025
630,000	DaVita, Inc., Guaranteed Notes, 5.75%, due 8/15/22	658,350
230,000	HCA, Inc., Senior Secured Notes, 6.50%, due 2/15/20	254,150
2,090,000	OMEGA Healthcare Investors, Inc., Guaranteed Notes, 6.75%, due 10/15/22	2,278,100
2,225,000	Tenet Healthcare Corp., Senior Secured Notes, 8.88%, due 7/1/19	2,486,438
1,890,000	United Surgical Partners Int'l, Inc., Guaranteed Notes, 9.00%, due 4/1/20	2,069,550
470,000	Universal Health Services, Inc., Senior Secured Notes, 7.13%, due 6/30/16	532,275
		16,075,950

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Hotels (0.3%)		
\$ 670,000	Host Hotels & Resorts L.P., Unsubordinated Notes, Ser. W, 5.88%, due 6/15/19	\$ 737,000
180,000	Host Hotels & Resorts L.P., Senior Unsecured Notes, 6.00%, due 10/1/21	208,800
		945,800
Investments & Misc. Financial Services (2.3%)		
3,680,000	Icahn Enterprises L.P., Guaranteed Notes, 7.75%, due 1/15/16	3,845,600
980,000	Icahn Enterprises L.P., Guaranteed Notes, 8.00%, due 1/15/18	1,053,500
1,310,000	Icahn Enterprises L.P., Guaranteed Notes, 8.00%, due 1/15/18	1,408,250ñ
		6,307,350
Leisure (0.5%)		
1,155,000	Cedar Fair L.P., Guaranteed Notes, 9.13%, due 8/1/18	1,306,594
Machinery (1.5%)		
2,655,000	Case New Holland, Inc., Guaranteed Notes, 7.88%, due 12/1/17	3,119,625
910,000	The Manitowoc Co., Inc., Guaranteed Notes, 8.50%, due 11/1/20	1,021,475
		4,141,100
Media—Broadcast (5.1%)		
685,000	AMC Networks, Inc., Guaranteed Notes, 7.75%, due 7/15/21	775,763
4,075,000	Clear Channel Communications, Inc., Senior Unsecured Notes, 5.50%, due 9/15/14	3,810,125
1,100,000	Clear Channel Communications, Inc., Guaranteed Notes, 10.75%, due 8/1/16	814,000
3,215,000	Cumulus Media Holdings, Inc., Guaranteed Notes, 7.75%, due 5/1/19	3,142,662
1,330,000	Sirius XM Radio, Inc., Guaranteed Notes, 8.75%, due	1,509,550ñ

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	4/1/15	
1,080,000	Univision Communications, Inc., Senior Secured Notes, 6.88%, due 5/15/19	1,104,300ñ
375,000	Univision Communications, Inc., Senior Secured Notes, 7.88%, due 11/1/20	397,500ñ
1,160,000	Univision Communications, Inc., Guaranteed Notes, 8.50%, due 5/15/21	1,165,800ñ
1,095,000	XM Satellite Radio, Inc., Guaranteed Notes, 7.63%, due 11/1/18	1,209,975ñ
		13,929,675
Media—Cable (5.6%)		
210,000	CCO Holdings LLC, Guaranteed Notes, 7.88%, due 4/30/18	226,800
70,000	CCO Holdings LLC, Guaranteed Notes, 7.00%, due 1/15/19	75,250
1,040,000	CCO Holdings LLC, Guaranteed Notes, 8.13%, due 4/30/20	1,170,000
270,000	Cequel Communications Escrow 1 LLC/Cequel Communications Escrow Capital Corp., Senior Unsecured Notes, 6.38%, due 9/15/20	273,375ñ
2,020,000	Cequel Communications Holdings I LLC/Cequel Capital Corp., Senior Unsecured Notes, 8.63%, due 11/15/17	2,161,400ñ
270,000	CSC Holdings LLC, Senior Unsecured Notes, 7.63%, due 7/15/18	312,525
2,280,000	CSC Holdings LLC, Senior Unsecured Notes, 6.75%, due 11/15/21	2,536,500ñ
485,000	DISH DBS Corp., Guaranteed Notes, 7.75%, due 5/31/15	545,625
3,265,000	DISH DBS Corp., Guaranteed Notes, 6.75%, due 6/1/21	3,636,394
3,605,000	DISH DBS Corp., Guaranteed Notes, 5.88%, due 7/15/22	3,785,250
530,000	EchoStar DBS Corp., Guaranteed Notes, 7.13%, due 2/1/16	592,275
		15,315,394
Media—Services (1.9%)		

650,000	Clear Channel Worldwide Holdings, Inc., Guaranteed Notes, Ser. B, 9.25%, due 12/15/17	697,125
450,000	Clear Channel Worldwide Holdings, Inc., Guaranteed Notes, Ser. B, 7.63%, due 3/15/20	428,625
3,320,000	WMG Acquisition Corp., Senior Secured Notes, 9.50%, due 6/15/16	3,656,150
135,000	WMG Acquisition Corp., Senior Secured Notes, 9.50%, due 6/15/16	148,331
330,000	WMG Acquisition Corp., Senior Secured Notes, 6.00%, due 1/15/21	330,825
		5,261,056

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Medical Products (1.4%)		
\$ 970,000	Biomet, Inc., Guaranteed Notes, 6.50%, due 8/1/20	\$ 1,001,525ñ
410,000	Fresenius Medical Care US Finance II, Inc., Guaranteed Notes, 5.88%, due 1/31/22	436,137ñ
1,520,000	Fresenius Medical Care US Finance, Inc., Guaranteed Notes, 6.50%, due 9/15/18	1,702,400ñ
645,000	Hologic, Inc., Guaranteed Notes, 6.25%, due 8/1/20	683,700ñ
		3,823,762
Metals—Mining Excluding Steel (4.3%)		
625,000	Arch Coal, Inc., Guaranteed Notes, 7.25%, due 10/1/20	553,125
550,000	Arch Coal, Inc., Guaranteed Notes, 7.25%, due 6/15/21	485,375
4,870,000	FMG Resources (August 2006) Pty Ltd., Guaranteed Notes, 7.00%, due 11/1/15	4,918,700ñ
1,385,000	FMG Resources (August 2006) Pty Ltd., Senior Unsecured Notes, 6.00%, due 4/1/17	1,329,600ñ
1,490,000	FMG Resources (August 2006) Pty Ltd., Guaranteed Notes, 8.25%, due 11/1/19	1,490,000ñ
2,005,000	FMG Resources (August 2006) Pty Ltd., Senior Unsecured Notes, 6.88%, due 4/1/22	1,884,700ñ
1,200,000	Peabody Energy Corp., Guaranteed Notes, 6.00%, due 11/15/18	1,245,000
		11,906,500
Packaging (6.9%)		
2,300,000	Berry Plastics Corp., Secured Notes, 9.50%, due 5/15/18	2,501,250ØØ
5,055,000	Berry Plastics Corp., Secured Notes, 9.75%, due 1/15/21	5,737,425
1,040,000	Owens-Brockway Glass Container, Inc., Guaranteed Notes, 7.38%, due 5/15/16	1,190,800
950,000	Reynolds Group Issuer, Inc., Guaranteed Notes, 8.50%, due 5/15/18	945,250
1,970,000	Reynolds Group Issuer, Inc., Senior Secured Notes, 7.88%,	2,137,450

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	due 8/15/19	
3,060,000	Reynolds Group Issuer, Inc., Guaranteed Notes, 9.88%, due 8/15/19	3,205,350
2,205,000	Reynolds Group Issuer, Inc., Senior Secured Notes, 5.75%, due 10/15/20	2,227,050ñ
905,000	Reynolds Group Issuer, Inc., Senior Secured Notes, 6.88%, due 2/15/21	961,562
		18,906,137
Pharmaceuticals (2.7%)		
935,000	Endo Pharmaceuticals Holdings, Inc., Guaranteed Notes, 7.00%, due 7/15/19	1,009,800
540,000	Jaguar Holding Co., Senior Notes, 9.38%, due 10/15/17	548,100ñc
1,445,000	Jaguar Holding Co., Senior Unsecured Notes, 9.50%, due 12/1/19	1,614,787ñ
630,000	Valeant Pharmaceuticals Int'l, Guaranteed Notes, 6.75%, due 10/1/17	675,675ñ
365,000	Valeant Pharmaceuticals Int'l, Senior Notes, 6.38%, due 10/15/20	384,163ñ
3,080,000	VPI Escrow Corp., Guaranteed Notes, 6.38%, due 10/15/20	3,241,700ñ
		7,474,225
Printing & Publishing (6.4%)		
2,965,000	Cengage Learning Acquisitions, Inc., Senior Secured Notes, 11.50%, due 4/15/20	3,179,962ñ
920,000	Gannett Co., Inc., Guaranteed Notes, 9.38%, due 11/15/17	1,023,500
2,180,000	Gannett Co., Inc., Guaranteed Notes, 7.13%, due 9/1/18	2,378,925
885,000	R. R. Donnelley & Sons Co., Senior Unsecured Notes, 8.60%, due 8/15/16	964,650
5,720,000	R. R. Donnelley & Sons Co., Senior Unsecured Notes, 7.25%, due 5/15/18	5,684,250
2,755,000	R. R. Donnelley & Sons Co., Senior Unsecured Notes, 8.25%, due 3/15/19	2,837,650
1,355,000	R. R. Donnelley & Sons Co., Senior Unsecured Notes, 7.63%, due 6/15/20	1,334,675
		17,403,612
Real Estate Dev. & Mgt. (0.4%)		

1,005,000	Realty Corp., Senior Secured Notes, 7.63%, due 1/15/20	1,128,113ñ
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See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Software—Services (4.1%)		
\$ 820,000	Fidelity National Information Services, Inc., Guaranteed Notes, 7.88%, due 7/15/20	\$ 916,350
3,435,000	First Data Corp., Guaranteed Notes, 11.25%, due 3/31/16	3,357,712
1,055,000	First Data Corp., Senior Secured Notes, 7.38%, due 6/15/19	1,091,925
1,405,000	First Data Corp., Senior Secured Notes, 6.75%, due 11/1/20	1,405,000
1,420,000	Sophia, L.P., Guaranteed Notes, 9.75%, due 1/15/19	1,517,625
1,810,000	SunGard Data Systems, Inc., Guaranteed Notes, 6.63%, due 11/1/19	1,825,838
515,000	SunGard Data Systems, Inc., Guaranteed Notes, 7.63%, due 11/15/20	559,419
505,000	Syniverse Holdings, Inc., Guaranteed Notes, 9.13%, due 1/15/19	537,825
		11,211,694
Specialty Retail (2.5%)		
685,000	PC Merger Sub, Inc., Senior Notes, 8.88%, due 8/1/20	727,813
4,320,000	Toys "R" Us Property Co. I LLC, Guaranteed Notes, 10.75%, due 7/15/17	4,671,000
1,358,000	Toys "R" Us Property Co. II LLC, Senior Secured Notes, 8.50%, due 12/1/17	1,458,152
		6,856,965
Steel Producers—Products (1.5%)		
920,000	ArcelorMittal, Senior Unsecured Notes, 6.13%, due 6/1/18	916,951
3,060,000	ArcelorMittal, Senior Unsecured Notes, 5.50%, due 8/5/20	2,951,248
210,000	ArcelorMittal, Senior Unsecured Notes, 5.75%, due 3/1/21	202,765
		4,070,964
Support—Services (2.1%)		
2,205,000	ADS Waste Holdings, Inc., Senior Notes, 8.25%, due	2,282,175

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	10/1/20	
730,000	HDTFS, Inc., Guaranteed Notes, 5.88%, due 10/15/20	737,300ñ
990,000	Iron Mountain, Inc., Guaranteed Notes, 7.75%, due 10/1/19	1,116,225
1,240,000	Knowledge Learning Corp., Inc., Guaranteed Notes, 7.75%, due 2/1/15	1,091,200ñ
570,000	RSC Equipment Rental, Inc., Senior Unsecured Notes, 8.25%, due 2/1/21	629,850
		5,856,750
Telecom—Integrated Services (9.1%)		
460,000	CenturyLink, Inc., Senior Unsecured Notes, Ser. S, 6.45%, due 6/15/21	504,290
3,655,000	Citizens Communications Co., Senior Unsecured Notes, 9.00%, due 8/15/31	3,901,712
1,030,000	Integra Telecom Holdings, Inc., Senior Secured Notes, 10.75%, due 4/15/16	1,050,600ñ
4,163,290	Intelsat Bermuda Ltd., Guaranteed Notes, 11.50%, due 2/4/17	4,381,863c
670,000	Intelsat Jackson Holdings SA, Guaranteed Notes, 8.50%, due 11/1/19	752,075
355,000	Level 3 Communications, Inc., Senior Unsecured Notes, 8.88%, due 6/1/19	372,750ñ
1,370,000	Level 3 Financing, Inc., Guaranteed Notes, 8.13%, due 7/1/19	1,462,475
1,225,000	Level 3 Financing, Inc., Guaranteed Notes, 8.63%, due 7/15/20	1,335,250
1,280,000	PAETEC Holding Corp., Senior Secured Notes, 8.88%, due 6/30/17	1,379,200
510,000	PAETEC Holding Corp., Guaranteed Notes, 9.88%, due 12/1/18	582,675
1,475,000	Qwest Communications Int'l, Inc., Guaranteed Notes, 7.13%, due 4/1/18	1,557,998
500,000	Qwest Corp., Senior Unsecured Notes, 6.75%, due 12/1/21	598,014
1,874,000	U.S. West Communications Group, Senior Unsecured Notes, 6.88%, due 9/15/33	1,883,370

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715,000	Windstream Corp., Guaranteed Notes, 7.88%, due 11/1/17	796,331
65,000	Windstream Corp., Guaranteed Notes, 7.00%, due 3/15/19	66,544
460,000	Windstream Corp., Guaranteed Notes, 7.75%, due 10/15/20	495,650
1,610,000	Windstream Corp., Guaranteed Notes, 7.75%, due 10/1/21	1,740,813
2,065,000	Windstream Corp., Guaranteed Notes, 7.50%, due 6/1/22	2,188,900
		25,050,510

See Notes to Schedule of Investments

Schedule of Investments High Yield Strategies Fund Inc. cont'd

PRINCIPAL AMOUNT		VALUE†
Telecom—Wireless (4.8%)		
\$ 3,500,000	Clearwire Communications LLC, Senior Secured Notes, 12.00%, due 12/1/15	\$ 3,727,500ñ
570,000	SBA Telecommunications, Inc., Guaranteed Notes, 5.75%, due 7/15/20	592,800ñ
2,245,000	Sprint Capital Corp., Guaranteed Notes, 6.88%, due 11/15/28	2,295,512ØØ
1,975,000	Sprint Capital Corp., Guaranteed Notes, 8.75%, due 3/15/32	2,330,500
475,000	Sprint Nextel Corp., Guaranteed Notes, 9.00%, due 11/15/18	586,625ñ
1,147,000	Sprint Nextel Corp., Guaranteed Notes, 7.00%, due 3/1/20	1,330,520ñ
410,000	Wind Acquisition Finance SA, Senior Secured Notes, 7.25%, due 2/15/18	399,750ñ
2,035,000	Wind Acquisition Finance SA, Senior Secured Notes, 7.25%, due 2/15/18	1,973,950ñ 13,237,157
	Total Corporate Debt Securities (Cost \$331,802,506)	345,188,831
NUMBER OF SHARES		
Short-Term Investments (0.0%)		
1	State Street Institutional Liquid Reserves Fund Institutional Class (Cost \$1)	1
	Total Investments (136.5%) (Cost \$360,356,242)	374,281,890##
	Liabilities, less cash, receivables and other assets [(26.6%)]	(72,970,408)±
	Liquidation Value of Perpetual Preferred Shares [(9.9%)]	(27,175,000)
	Total Net Assets Applicable to Common Shareholders (100.0%)	\$274,136,482

See Notes to Schedule of Investments

Notes to Schedule of Investments

† In accordance with Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures" ("ASC 820"), all investments held by Neuberger Berman High Yield Strategies Fund Inc. (the "Fund") are carried at the value that Neuberger Berman Management LLC ("Management") believes the Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment under current market conditions. Various inputs, including the volume and level of activity for the asset or liability in the market, are considered in valuing the Fund's investments, some of which are discussed below. Significant management judgment may be necessary to value investments in accordance with ASC 820.

ASC 820 established a three-tier hierarchy of inputs to create a classification of value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, amortized cost, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing an investment are not necessarily an indication of the risk associated with investing in those securities.

The value of the Fund's investments in debt securities is determined by Management primarily by obtaining valuations from independent pricing services based on readily available bid quotations, or if quotations are not available, by methods which include various considerations based on security type (generally Level 2 inputs). In addition to the consideration of yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions, the following is a description of other Level 2 inputs and related valuation techniques used by an independent pricing service to value certain types of debt securities of the Fund:

Corporate Debt Securities. Inputs used to value corporate debt securities generally include relative credit information, observed market movements, sector news, spread to the U.S. Treasury market, and other market information which may include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data, such as market research publications, when available ("Other Market Information").

High Yield Securities. Inputs used to value high yield securities generally include a number of observations of equity and credit default swap curves related to the issuer and Other Market Information.

Bank Loans. Inputs used by independent pricing services to value bank loan securities include multiple broker quotes (generally Level 2 inputs).

The value of the Fund's investments in interest rate swap contracts is determined by Management primarily by obtaining valuations from independent pricing services based on references to the underlying rates including the overnight index swap rate and London Interbank Offered Rate ("LIBOR") forward rate to produce the daily settlement price (generally Level 2 inputs).

Management has developed a process to periodically review information provided by independent pricing services for all types of securities.

Investments in State Street Institutional Liquid Reserves Fund Institutional Class are valued using the fund's daily calculated net asset value per share (Level 2 inputs).

See Notes to Financial Statements

Notes to Schedule of Investments cont'd

If a valuation is not available from an independent pricing service, or if Management has reason to believe that the valuation received does not represent the amount the Fund might reasonably expect to receive on a current sale in an orderly transaction, the Fund seeks to obtain quotations from principal market makers (generally considered Level 3 inputs). If such quotations are not readily available, the security is valued using methods the Fund's Board of Directors (the "Board") has approved on the belief that they reflect fair value. Numerous factors may be considered when determining the fair value of a security based on Level 2 or 3 inputs, including available analyst, media or other reports, trading in futures or ADRs and whether the issuer of the security being fair valued has other securities outstanding.

Fair value prices are necessarily estimates, and there is no assurance that such a price will be at or close to the price at which the security is next quoted or next trades.

The following is a summary, categorized by Level, of inputs used to value the Fund's investments as of October 31, 2012:

Asset Valuation Inputs

Investments:	Level 1	Level 2	Level 3§	Total
Bank Loan Obligations [^]	\$ —	\$ 29,093,058	\$ —	29,093,058
Corporate Debt Securities				
Airlines	—	2,431,601	885,996	3,317,597
Automakers	—	2,500,037	—	2,500,037
Banking	—	9,332,204	—	9,332,204
Building & Construction	—	2,218,313	—	2,218,313
Building Materials	—	5,730,079	—	5,730,079
Chemicals	—	12,882,994	—	12,882,994
Computer Hardware	—	1,572,725	—	1,572,725
Consumer—Commercial				
Lease Financing	—	11,814,757	—	11,814,757
Consumer Products	—	368,194	—	368,194
Department Stores	—	6,609,515	—	6,609,515
Electric—Generation	—	7,841,770	—	7,841,770
Electric—Integrated	—	1,932,358	—	1,932,358
Electronics	—	8,466,073	—	8,466,073
Energy—Exploration & Production	—	36,374,772	—	36,374,772
Food & Drug Retailers	—	2,990,220	—	2,990,220
Gaming	—	19,232,569	—	19,232,569
Gas Distribution	—	21,795,346	—	21,795,346
Health Facilities	—	16,075,950	—	16,075,950
Hotels	—	945,800	—	945,800
Investments & Misc.				
Financial Services	—	6,307,350	—	6,307,350
Leisure	—	1,306,594	—	1,306,594

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Machinery	—	4,141,100	—	4,141,100
Media—Broadcast	—	13,929,675	—	13,929,675
Media—Cable	—	15,315,394	—	15,315,394

See Notes to Financial Statements

Notes to Schedule of Investments cont'd

Investments:	Level 1	Level 2	Level 3§	Total
		\$		\$
Media—Services	\$ —	5,261,056	\$ —	5,261,056
Medical Products	—	3,823,762	—	3,823,762
Metals—Mining				
Excluding Steel	—	11,906,500	—	11,906,500
Packaging	—	18,906,137	—	18,906,137
Pharmaceuticals	—	7,474,225	—	7,474,225
Printing & Publishing	—	17,403,612	—	17,403,612
Real Estate Dev. & Mgt.	—	1,128,113	—	1,128,113
Software—Services	—	11,211,694	—	11,211,694
Specialty Retail	—	6,856,965	—	6,856,965
Steel				
Producers—Products	—	4,070,964	—	4,070,964
Support—Services	—	5,856,750	—	5,856,750
Telecom—Integrated Services	—	25,050,510	—	25,050,510
Telecom—Wireless	—	13,237,157	—	13,237,157
Total Corporate Debt Securities	—	344,302,835	885,996	345,188,831
Short-Term Investments	—	1	—	1
		\$	\$	\$
Total Investments	\$ —	373,395,894	885,996	374,281,890

^ The Schedule of Investments provides information on the industry categorization for the portfolio.

§ The following is a reconciliation between the beginning and ending balances of investments in which significant unobservable inputs (Level 3) were used in determining value:

Beginning balance, as of 11/1/11	Accrued discounts (premiums)/gains/losses	Realized gain/loss	Change in unrealized appreciation/ (depreciation)	Purchases	Sales	Transfers		Balance as of 10/31/12	Net change in unrealized appreciation/ (depreciation) from investments still held as of 10/31/12	
						from Level 3	to Level 3			
Investments in Securities:										
Corporate Debt Securities										
Airlines	\$922,070	\$ —	\$ (3,754)	56,009	\$ —	\$ (88,329)	\$ —	\$ —	\$ 885,996	\$ 56,009

Total	\$922,070	\$ —	\$(3,754)	\$ 56,009	\$ —	\$(88,329)	\$ —	\$ —	\$ 885,996	\$ 56,009
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The Fund had no transfers between Levels 1, 2 and 3 during the year ended October 31, 2012.

See Notes to Financial Statements

Notes to Schedule of Investments cont'd

Liability Valuation Inputs

The following is a summary, categorized by Level, of inputs used to value the Fund's derivatives as of October 31, 2012:

	Level 1	Level 2	Level 3	Total
Interest rate swap contracts	\$ —	(3,772,287)	\$ —	(3,772,287)

At October 31, 2012, the cost of investments for U.S. federal income tax purposes was \$360,360,220. Gross unrealized appreciation of investments was \$16,571,899 and gross unrealized depreciation of investments was \$2,650,229, resulting in net unrealized appreciation of \$13,921,670 based on cost for U.S. federal income tax purposes.

ñ Securities were purchased under Rule 144A of the Securities Act of 1933, as amended (the "1933 Act"), or are private placements and, unless registered under the 1933 Act or exempted from registration, may only be sold to qualified institutional investors. These securities have been deemed by the investment manager to be liquid. At October 31, 2012, these securities amounted to \$105,899,974 or 38.6% of net assets applicable to common shareholders.

Ø All or a portion of this security was purchased on a when-issued basis. At October 31, 2012 these securities amounted to \$2,156,663 or 0.8% of net assets applicable to common shareholders.

ØØ All or a portion of this security is segregated in connection with obligations for interest rate swap contracts, when-issued purchase commitments and delayed delivery purchase commitments. In addition, the Fund had deposited \$3,752,405 in a segregated account for interest rate swap contracts.

μ Floating rate securities are securities whose yields vary with a designated market index or market rate. These securities are shown at their current rates as of October 31, 2012, and their final maturity dates.

c Payment-in-kind security for which part of the income earned may be paid as additional principal.

¢ All or a portion of this security was purchased on a delayed delivery basis.

^^ All or a portion of this security has not settled as of October 31, 2012 and thus does not have an interest rate in effect. Interest rates do not take effect until settlement.

± See Note A-10 in the Notes to Financial Statements for the Fund's open positions in derivatives at October 31, 2012.

See Notes to Financial Statements

Statement of Assets and Liabilities
Neuberger BermanHIGH YIELD
STRATEGIES
FUND INC.
October 31, 2012

Assets	
Investments in securities, at value* (Note A)—see Schedule of Investments:	
Unaffiliated issuers	\$ 374,281,890
Deposits with brokers for open swap contracts	3,752,405
Interest receivable	6,949,894
Receivable for securities sold	16,465,506
Prepaid expenses and other assets	240,450
Total Assets	401,690,145
Liabilities	
Notes payable (Note A)	82,600,000
Interest rate swaps, at value (Note A)	3,772,287
Due to custodian	745,739
Distributions payable—preferred shares	78,755
Distributions payable—common shares	14
Payable for securities purchased	12,740,912
Payable to investment manager—net (Note B)	195,429
Payable to administrator (Note B)	16,286
Interest payable	129,472
Accrued expenses and other payables	99,769
Total Liabilities	100,378,663
Perpetual Preferred Shares Series A (1,087 shares issued and outstanding) at liquidation value	27,175,000
Net Assets applicable to Common Shareholders	\$ 274,136,482
Net Assets applicable to Common Shareholders consist of:	
Paid-in capital—common shares	\$ 294,030,813
Undistributed net investment income (loss)	352,744
Accumulated net realized gains (losses) on investments	(30,400,436)
Net unrealized appreciation (depreciation) in value of investments	10,153,361
Net Assets applicable to Common Shareholders	\$ 274,136,482
Common Shares Outstanding (no par value; unlimited number of shares authorized)	19,540,585
Net Asset Value Per Common Share Outstanding	\$ 14.03
*Cost of Investments	\$ 360,356,242
See Notes to Financial Statements	

Statement of Operations
Neuberger BermanHIGH YIELD
STRATEGIES
FUND INC.
For the Year Ended
October 31, 2012

Investment Income:	
Income (Note A):	
Interest income—unaffiliated issuers	\$ 27,512,238
Expenses:	
Investment management fees (Note B)	2,222,484
Administration fees (Note B)	185,207
Audit fees	53,050
Basic maintenance expense (Note A)	25,000
Custodian fees (Note A)	139,339
Insurance expense	19,779
Legal fees	88,414
Shareholder reports	98,478
Stock exchange listing fees	8,272
Stock transfer agent fees	22,859
Interest expense (Note A)	1,797,013
Directors' fees and expenses	52,935
Miscellaneous	15,715
Total expenses	4,728,545
Investment management fees waived (Note B)	(130,452)
Expenses reduced by custodian fee expense offset arrangement (Note A)	(262)
Total net expenses	4,597,831
Net investment income (loss)	\$ 22,914,407
Realized and Unrealized Gain (Loss) on Investments (Note A):	
Net realized gain (loss) on:	
Sales of investment securities of unaffiliated issuers	9,914,434
Interest rate swap contracts	(1,185,023)
Change in net unrealized appreciation (depreciation) in value of:	
Unaffiliated investment securities	11,854,609
Interest rate swap contracts	(708,219)
Net gain (loss) on investments	19,875,801
Distributions to Preferred Shareholders	(930,664)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	\$ 41,859,544
See Notes to Financial Statements	

Statements of Changes in Net Assets
Neuberger Berman

	HIGH YIELD STRATEGIES FUND INC.	
	Year Ended October 31, 2012	Year Ended October 31, 2011
Increase (Decrease) in Net Assets Applicable to Common Shareholders:		
From Operations (Note A):		
Net investment income (loss)	\$ 22,914,407	\$ 25,945,352
Net realized gain (loss) on investments	8,729,411	13,754,606
Change in net unrealized appreciation (depreciation) of investments	11,146,390	(29,920,282)
Distributions to Preferred Shareholders From (Note A):		
Net investment income	(930,664)	(879,763)
Net increase (decrease) in net assets applicable to common shareholders resulting from operations	41,859,544	8,899,913
Distributions to Common Shareholders From (Note A):		
Net investment income	(21,844,976)	(24,861,088)
From Capital Share Transactions (Note D):		
Proceeds from reinvestment of dividends and distributions	951,881	1,312,708
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders	20,966,449	(14,648,467)
Net Assets Applicable to Common Shareholders:		
Beginning of year	253,170,033	267,818,500
End of year	\$ 274,136,482	\$ 253,170,033
Undistributed net investment income (loss) at end of year	\$ 352,744	\$ 359,722
See Notes to Financial Statements		

Statement of Cash Flows
Neuberger BermanHIGH YIELD
STRATEGIES
FUND INC.
For the
Year Ended
October 31, 2012

Increase (decrease) in cash:	
Cash flows from operating activities:	
Net increase in net assets applicable to Common Shareholders resulting from operations	\$ 41,859,544
Adjustments to reconcile net increase in net assets applicable to Common Shareholders resulting from operations to net cash provided by operating activities:	
Changes in assets and liabilities:	
Purchase of investment securities	(402,495,315)
Proceeds from disposition of investment securities	399,033,443
Purchase/sale of short-term investment securities, net	3,438,667
Increase in net interest payable/receivable on interest rate swap contracts	(15,975)
Decrease in interest receivable	810,528
Decrease in prepaid expenses and other assets	242,657
Increase in receivable for securities sold	(11,805,920)
Increase in deposits with brokers for open swap contracts	(702,405)
Decrease in accumulated unpaid dividends on Preferred Shares	(197)
Increase in payable for securities purchased	9,601,215
Decrease in interest payable	(379)
Net amortization of discount on investments	144,376
Decrease in accrued expenses and other payables	(87,087)
Unrealized appreciation on securities	(11,854,609)
Unrealized depreciation on interest rate swap contracts	708,219
Net realized gain from investments	(9,914,434)
Net realized loss from interest rate swap contracts	1,185,023
Net cash provided by operating activities	\$ 20,147,351
Cash flows from financing activities:	
Cash distributions paid on Common Shares	(20,893,090)
Net cash used in financing activities	(20,893,090)
Net increase (decrease) in cash	(745,739)
Cash:	
Beginning balance	0
Ending balance	\$ (745,739)
Supplemental disclosure	
Cash paid for interest	\$ 1,797,392

See Notes to Financial Statements

Notes to Financial Statements High Yield Strategies Fund Inc.

Note A—Summary of Significant Accounting Policies:

1 General: Except where otherwise indicated, information included herein is as of October 31, 2012. The Fund was organized as a Maryland corporation on March 18, 2010, and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a non-diversified, closed-end management investment company. Management is the investment manager to the Fund. Neuberger Berman Fixed Income LLC ("NBFI") is the sub-adviser to the Fund. The Fund's common shares are listed on the NYSE MKT under the symbol NHS. After the close of business on August 6, 2010, Neuberger Berman High Yield Strategies Fund ("Old NHS") merged with and into the Fund. After Old NHS merged with and into the Fund, Neuberger Berman Income Opportunity Fund Inc. ("NOX") merged with and into the Fund. The historical performance and financial statement history prior to August 6, 2010 are those of Old NHS. For periods prior to August 6, 2010, the term the "Fund" will refer to Old NHS.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires Management to make estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates.

2 Portfolio valuation: Investment securities are valued as indicated in the notes following the Schedule of Investments.

3 Securities transactions and investment income: Security transactions are recorded on trade date for financial reporting purposes. Dividend income is recorded on the ex-dividend date. Interest income, including amortization of premium, where applicable, and accretion of discount on securities (adjusted for original issue discount, where applicable) is recorded on the accrual basis. Realized gains and losses from security transactions are recorded on the basis of identified cost and stated separately in the Statement of Operations. Included in net realized gain (loss) on investments are proceeds from the settlements of class action litigation in which the Fund participated as a class member. The amount of such proceeds for the year ended October 31, 2012 was \$623,626.

4 Income tax information: It is the policy of the Fund to continue to qualify as a regulated investment company by complying with the requirements of the U.S. Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its earnings to its shareholders. To the extent the Fund distributes substantially all of its earnings to shareholders, no federal income or excise tax provision is required.

The Fund has adopted the provisions of ASC 740 "Income Taxes" ("ASC 740"). ASC 740 sets forth a minimum threshold for financial statement recognition of a tax position taken, or expected to be taken, in a tax return. The Fund recognizes interest and penalties, if any, related to unrecognized tax positions as an income tax expense in the Statement of Operations. The Fund is subject to examination by U.S. federal and state tax authorities for returns filed for the prior three fiscal years 2009 - 2011. As of October 31, 2012, the Fund did not have any unrecognized tax positions.

Income distributions and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences and differing characterization of distributions made by the Fund as a whole.

As determined on October 31, 2012, permanent differences resulting primarily from different book and tax accounting were reclassified at year end. Such differences may be attributed to one or more of the following: income recognized on interest rate swaps, distributions in excess of current earnings and non-deductible restructuring costs. These reclassifications had no effect on net income, net asset value ("NAV") applicable to

common shareholders or NAV per common share of the Fund. For the year ended October 31, 2012, the Fund recorded the following permanent reclassifications:

Paid-in Capital	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gains (Losses) on Investments
\$ (1,039,279)	\$ (145,745)	\$ 1,185,024

For tax purposes, short-term gains are considered ordinary income.

The tax character of distributions paid during the years ended October 31, 2012 and October 31, 2011 were as follows:

Ordinary Income		Distributions Paid From:				Total	
2012	2011	Long-Term Capital Gains		Tax Return of Capital		2012	2011
		2012	2011	2012	2011		
\$22,775,640	\$25,740,851	\$ —	\$ —	\$ —	\$ —	\$ 22,775,640	\$ 25,740,851

As of October 31, 2012, the components of distributable earnings (accumulated losses) on a U.S. federal income tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gain	Unrealized Appreciation (Depreciation)	Loss Carryforwards and Deferrals	Other Temporary Differences	Total
\$ —	\$ —	\$10,571,382	\$(30,386,944)	\$(78,769)	\$(19,894,331)

The difference between book basis and tax basis distributable earnings are primarily due to: timing differences of wash sales, delayed settlement compensation on bank loans, distribution payments, income recognized on interest rate swaps and capital loss carryforwards.

To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carryforwards, it is the policy of the Fund not to distribute such gains. The Regulated Investment Company ("RIC") Modernization Act of 2010 (the "Act") became effective for the Fund on November 1, 2011. The Act modernizes several of the federal income and excise tax provisions related to RICs. Among the changes made are changes to the capital loss carryforward rules allowing for RICs to carry forward capital losses indefinitely and to retain the character of capital loss carryforwards as short-term or long-term ("Post-Enactment"). Rules in effect previously limited the carryforward period to eight years and all carryforwards were considered short-term in character ("Pre-Enactment"). As determined at October 31, 2012, the Fund had unused capital loss carryforwards available for federal income tax purposes to offset net realized capital gains, if any, as follows:

	Pre-Enactment Expiring In:		
	2015	2016	2017
	\$14,913,177(1)	\$10,036,834(1)	\$5,436,933

(1) The capital loss carryforwards shown above include \$14,913,177 and \$4,971,059 expiring in 2015 and 2016, respectively, which were acquired on August 6, 2010 in the merger with NOX. The use of these losses to offset future gains may be limited.

During the year ended October 31, 2012, the Fund utilized capital loss carryforwards of \$9,657,216.

5 Foreign Taxes: Foreign taxes withheld represent amounts withheld by foreign tax authorities net of refunds recoverable.

6 Distributions to common shareholders: The Fund earns income, net of expenses, daily on its investments. It is the policy of the Fund to declare and pay monthly distributions to common shareholders. The Fund has adopted a policy to pay common shareholders a stable monthly distribution. The Fund's ability to satisfy its policy will depend on a number of factors, including the stability of income received from its investments, the availability of capital gains, distributions paid on preferred shares, interest paid on notes and the level of Fund expenses. In an effort to maintain a stable monthly distribution amount, the Fund may pay distributions consisting of net investment income, realized gains and paid-in capital. There is no assurance that the Fund will always be able to pay distributions of a particular size, or that distributions will consist solely of net investment income and realized capital gains. The composition of the Fund's distributions for the calendar year 2012 will be reported to Fund shareholders on IRS Form 1099DIV. The Fund may pay distributions in excess of those required by its stable distribution policy to avoid excise tax or to satisfy the requirements of the U.S. Internal Revenue Code. Distributions to common shareholders are recorded on the ex-date. Net realized capital gains, if any, will be offset to the extent of any available capital loss carryforwards. Any such offset will not reduce the level of the stable distribution paid by the Fund. Distributions to preferred shareholders are accrued and determined as described in Note A-8.

On October 31, 2012, the Fund declared a monthly distribution to common shareholders in the amount of \$0.09 per share, payable on November 30, 2012 to shareholders of record on November 15, 2012, with an ex-date of November 13, 2012. Subsequent to October 31, 2012, the Fund declared a monthly distribution to common shareholders in the amount of \$0.09 per share, payable on December 31, 2012 to shareholders of record on December 17, 2012, with an ex-date of December 13, 2012.

7 Expense allocation: Certain expenses are applicable to multiple funds. Expenses directly attributable to the Fund are charged to the Fund. Expenses borne by the complex of related investment companies, which includes open-end and closed-end investment companies for which Management serves as investment manager, that are not directly attributable to a particular investment company (e.g., the Fund) are allocated among the Fund and the other investment companies in the complex or series thereof on the basis of relative net assets, except where a more appropriate allocation of expenses to each of the investment companies in the complex or series thereof can otherwise be made fairly.

8 Financial leverage: On October 22, 2003, Old NHS issued 3,600 Money Market Cumulative Preferred Shares ("MMP"), each without par value, with proceeds of \$90,000,000 in a public offering. On November 13, 2008, Old NHS redeemed all 3,600 MMP at the liquidation price of \$25,000 per share plus any accumulated and unpaid dividends.

In September 2008, Old NHS entered into a Master Securities Purchase Agreement and a Master Note Purchase Agreement pursuant to which it could issue privately placed notes ("Old NHS PNs") and privately placed perpetual preferred shares ("Old NHS PPS"). In November 2008, Old NHS issued Old NHS PNs with an aggregate principal value of \$45,900,000 and issued 492 Old NHS PPS with an aggregate liquidation preference of \$12,300,000 and used those proceeds to redeem outstanding MMP.

On August 6, 2010, each of Old NHS and NOX merged with and into the Fund. In connection with the mergers, the Fund issued 1,087 Perpetual Preferred Shares, Series A ("PPS") with an aggregate liquidation preference of \$27,175,000 to preferred shareholders of Old NHS and NOX in exchange for their Old NHS PPS and NOX preferred shares. In connection with the mergers, the Fund also assumed the Old NHS PNs and the notes that NOX had previously issued ("NOX Notes"). On September 30, 2010, the Fund issued privately placed notes ("PNs" and, together with PPS, "Private Securities") with an aggregate principal value of \$82,600,000 to holders of Old NHS PNs and NOX Notes in exchange for their Old NHS PNs and NOX Notes.

The PNs have a maturity date of November 2013 and the interest on the PNs is accrued daily and paid quarterly. The PPS have a liquidation preference of \$25,000 per share plus any accumulated unpaid distributions, whether or not earned or declared by the Fund, but excluding interest thereon ("PPS Liquidation Value"). Distributions on the PPS are accrued daily and paid quarterly. The Old NHS PNs and the Old NHS PPS had these same terms.

For the year ended October 31, 2012, the distribution rate on the PPS ranged from 3.27% to 3.48% and the interest rate on the PNs ranged from 1.77% to 1.98%.

The Fund has paid up front offering and organizational expenses which are being amortized over the life of the PNs. The expenses are included in the interest expense that is reflected in the Statement of Operations.

The Fund may redeem PPS or prepay the PNs, in whole or in part, at its option after giving a minimum amount of notice to the relevant holders of the Private Securities but will incur additional expenses if it chooses to so redeem or prepay. The Fund is also subject to certain restrictions relating to the Private Securities. Failure to comply with these restrictions could preclude the Fund from declaring any distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of PPS at PPS Liquidation Value and certain expenses and/or mandatory prepayment of PNs at par plus accrued but unpaid interest and certain expenses. The holders of PPS are entitled to one vote per share and will vote with holders of common shares as a single class, except that the holders of PPS will vote separately as a class on certain matters, as required by law or the Fund's organizational documents. The holders of PPS, voting as a separate class, are entitled at all times to elect two Directors of the Fund, and to elect a majority of the Directors of the Fund if the Fund fails to pay distributions on PPS for two consecutive years.

9 Concentration of credit risk: The Fund will normally invest at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers, which include securities that are rated below investment grade by a rating agency or are unrated debt securities determined to be of comparable quality by the Fund's investment manager.

Due to the inherent volatility and illiquidity of the high yield securities in which the Fund invests and the real or perceived difficulty of issuers of those high yield securities to meet their payment obligations during economic downturns or because of negative business developments relating to the issuer or its industry in general, the value and/or price of the Fund's common shares may fluctuate more than would be the case if the Fund did not concentrate in high yield securities.

10 Derivative instruments: During the year ended October 31, 2012, the Fund's use of derivatives, as described below, was limited to interest rate swap contracts. The Fund has adopted the provisions of ASC 815 "Derivatives and Hedging" ("ASC 815"). The disclosure requirements of ASC 815 distinguish between derivatives that qualify for hedge accounting and those that do not. Because investment companies value their derivatives at fair value and recognize changes in fair value through the Statement of Operations, they do not qualify for hedge accounting. Accordingly, even though the Fund's investments in derivatives may represent economic hedges, they are considered non-hedge transactions for purposes of this disclosure.

Interest Rate Swaps: The Fund entered into interest rate swap transactions, with institutions that Management has determined are creditworthy, to reduce the risk that an increase in short-term interest rates could reduce common share net earnings as a result of leverage. Under the terms of the interest rate swap contracts, the Fund agrees to pay the swap counterparty a fixed-rate payment in exchange for the counterparty's paying the Fund a variable-rate payment that is intended to approximate all or a portion of the Fund's variable-rate payment obligations on the Fund's Private Securities. The fixed-rate and variable-rate payment flows are netted against each other, with the difference being paid by one party to the other on a monthly basis. The Fund segregates cash or liquid securities having a value at least equal to the Fund's net payment obligations under any swap transaction, marked to market daily. There is no guarantee that these swap transactions will be successful in reducing or limiting risk.

Risks may arise if the counterparty to a swap contract fails to comply with the terms of its contract. The loss incurred by the failure of a counterparty is generally limited to the net interest payment to be received by the Fund and/or the termination value at the end of the contract. Additionally, risks may arise if there is no liquid market for these agreements or from movements in interest rates unanticipated by Management.

Periodic expected interim net interest payments or receipts on the swaps are recorded as an adjustment to unrealized gains/losses, along with the fair value of the future periodic payment streams on the swaps. The unrealized gains/losses associated with the periodic interim net interest payments are reclassified to realized

gains/losses in conjunction with the actual net receipt or payment of such amounts. The reclassifications do not impact the Fund's total net assets applicable to common shareholders or its total net increase (decrease) in net assets applicable to common shareholders resulting from operations. At October 31, 2012, the Fund had outstanding interest rate swap contracts as follows:

Swap Counterparty	Notional Amount(1)	Termination Date	Rate Type		Accrued Net Interest Receivable (Payable)	Unrealized Appreciation (Depreciation)	Total Fair Value
			Fixed-rate Payments Made by the Fund	Variable-rate Payments Received by the Fund			
Citibank, N.A.	\$25,000,000	March 18, 2015	1.677%	.385 % ⁽²⁾	\$ (38,320)	\$ (751,431)	\$ (789,751)
Citibank, N.A.	25,000,000	August 9, 2015	1.120%	.437% ⁽³⁾	(38,237)	(462,266)	(500,503)
Citibank, N.A.	50,000,000	December 7, 2015	1.883%	.409% ⁽⁴⁾	(345,442)	(2,136,591)	(2,482,033)
					\$ (421,999)	\$ (3,350,288)	\$ (3,772,287)

(1) The notional amount at period end is indicative of the volume throughout the period.

(2) 90 day LIBOR at September 14, 2012.

(3) 90 day LIBOR at August 7, 2012.

(4) 90 day LIBOR at September 5, 2012.

At October 31, 2012, the Fund had the following derivatives (which did not qualify for hedge accounting under ASC 815), grouped by primary risk exposure:

Liability Derivatives

	Interest Rate Risk	Statement of Assets and Liabilities Location
Interest Rate Swap Contract	\$ (3,772,287)	Interest rate swaps,
Total Value	(3,772,287)	at value ⁽¹⁾

(1) "Interest Rate Swap Contract" reflects the appreciation (depreciation) of the interest rate swap contract plus accrued interest as of October 31, 2012 which is reflected in the Statement of Assets and Liabilities under the caption "Interest rate swaps, at value."

The impact of the use of these derivative instruments on the Statement of Operations during the year ended October 31, 2012, was as follows:

Realized Gain (Loss)

	Interest Rate Risk	Statement of Operations Location
Interest Rate Swap Contract	\$ (1,185,023)	Net realized gain (loss)

Total Realized Gain (Loss)	\$ (1,185,023)	on: interest rate swap contracts
Change in Appreciation (Depreciation)		
	Interest Rate Risk	Statement of Operations Location
Interest Rate Swap Contract	\$ (708,219)	Change in net unrealized appreciation
Total Change in Appreciation (Depreciation)	\$ (708,219)	(depreciation) in value of: interest rate swap contracts

11 Indemnifications: Like many other companies, the Fund's organizational documents provide that its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, both in some of its principal service contracts and in the normal course of its business, the Fund enters into contracts that provide indemnifications to other parties for certain types of losses or liabilities. The Fund's maximum exposure under these arrangements is unknown as this could involve future claims against the Fund.

12 Arrangements with certain non-affiliated service providers: The Fund has an expense offset arrangement in connection with its custodian contract. For the year ended October 31, 2012, the impact of this arrangement was a reduction of expenses of \$262.

In order to satisfy rating agency requirements and the terms of the Private Securities, the Fund is required to provide the rating agency and holders of Private Securities a report on a monthly basis verifying that the Fund is maintaining eligible assets having a discounted value equal to or greater than the basic maintenance amount, which is the minimum level set by the rating agency as one of the conditions to maintain the AAA rating on the Private Securities. "Discounted value" refers to the fact that the rating agency requires the Fund, in performing this calculation, to discount portfolio securities below their face value, at rates determined by the rating agency. The Fund pays State Street Bank and Trust Company ("State Street") for the preparation of this report, which is reflected in the Statement of Operations under the caption "Basic maintenance expense."

State Street serves as the Fund's custodian and Computershare Shareowner Services LLC serves as the Fund's transfer agent, registrar, and dividend paying agent.

Note B—Management Fees, Administration Fees, Distribution Arrangements, and Other Transactions with Affiliates:

The Fund retains Management as its investment manager under a Management Agreement. For such investment management services, the Fund pays Management a monthly fee computed at an annual rate of 0.60% of the Fund's average daily Managed Assets. Managed Assets equal the total assets of the Fund, less liabilities other than the aggregate indebtedness entered into for purposes of leverage. Management is responsible for developing, implementing and supervising the Fund's investment program and providing certain administrative services to the Fund. Management has retained NBFi to serve as the sub-adviser of the Fund and to manage the Fund's investment portfolio. Management compensates NBFi for its services as sub-adviser. Management pays NBFi a monthly sub-advisory fee calculated at an annual percentage rate of 0.15% of the Fund's average daily Managed Assets.

In connection with Old NHS's May 2009 tender offer and the tender offer program, effective June 9, 2009, Management agreed to voluntarily waive a portion of the management fee it was entitled to receive from Old NHS at an annual rate of 0.05% of Old NHS's average daily Managed Assets. This waiver terminated at the time Old NHS merged with and into the Fund. In connection with the mergers, Management has agreed to voluntarily waive a portion of the management fees it is entitled to receive from the Fund at an annual rate of 0.05% of the Fund's average daily Managed Assets. Effective July 19, 2012, Management terminated the voluntary waiver for the Fund. For the year ended October 31, 2012, such waived fees amounted to \$130,452.

Several individuals who are officers and/or Directors of the Fund are also employees of NBFi, Neuberger Berman LLC ("Neuberger") and/or Management.

The Fund retains Management as its administrator under an Administration Agreement. The Fund pays Management an administration fee at the annual rate of 0.05% of its average daily Managed Assets under this agreement. Additionally, Management retains State Street as its sub-administrator under a Sub-Administration Agreement. Management pays State Street a fee for all services received under the agreement.

Management and NBFi are indirect subsidiaries of Neuberger Berman Group LLC ("NBG") and together with its consolidated subsidiaries ("NB Group"). NBSH Acquisition, LLC ("NBSH"), which is owned by portfolio managers, members of the NB Group management team and certain of NB Group's key employees and senior professionals owns as of September 30, 2012, approximately 57% of NBG's common units, and Lehman Brothers Holdings Inc. ("LBHI") and certain of its subsidiaries (collectively the "LBHI Parties") own the remaining 43% of such common units.

Pursuant to agreements among NBG, NBSH and the LBHI Parties, NBG is entitled to acquire the remaining Class A common units through a process that is expected to end in 2017. In April 2012, NBG exercised its option (the "Redemption Agreement Option") to redeem during 2012 certain of its Class A common

units held by the LBHI Parties equal to 10% of NBG's aggregate common units issued and outstanding as of March 16, 2012. The final payment for such Class A common units is due within thirty (30) days of December 31, 2012.

Note C—Securities Transactions:

During the year ended October 31, 2012, there were purchases and sales of long-term securities (excluding interest rate swap contracts) of \$342,568,464 and \$339,429,011, respectively.

Note D—Capital:

At October 31, 2012 the common shares outstanding and the common shares of the Fund owned by Neuberger Berman Alternative Fund Management LLC ("NBAFM") and Neuberger, affiliates of Management, were as follows:

Common Shares Outstanding	Common Shares Owned by NBAFM	Common Shares Owned by Neuberger
19,540,585	18,305	5,116

Transactions in common shares for the years ended October 31, 2012 and October 31, 2011 were as follows:

	For the Year Ended October 31,	
	2012	2011
Shares Issued on Reinvestment of Dividends and Distributions	70,802	96,587
Net Increase (Decrease) in Common Shares Outstanding	70,802	96,587

Note E—Tender Offer Program:

In 2009, the board of Old NHS, a predecessor to the Fund, authorized a semi-annual tender offer program consisting of up to four tender offers over a two-year period ("Old NHS Tender Offer Program"). Under the Old NHS Tender Offer Program, if the Fund's common shares traded at an average daily discount to NAV per share of greater than 10% during a 12-week measurement period, the Fund would have conducted a tender offer for between 5% and 20% of its outstanding common shares at a price equal to 98% of its NAV per share determined on the day the tender offer expired.

During the initial measurement period under the Old NHS Tender Offer Program, the Fund's common shares traded at an average daily discount to NAV per share of less than 10% and, therefore, in accordance with its Old NHS Tender Offer Program, the Fund did not conduct a tender offer.

After the reorganization, the Fund adopted a substantially similar tender offer program consisting of up to three tender offers over a two-year period ("Tender Offer Program"). The Tender Offer Program ended in July 2012. During the Fund's initial measurement period under the Tender Offer Program, the Fund's common shares traded at an average daily discount to NAV per share of less than 10% and, therefore, in accordance with its Tender Offer Program, the Fund did not conduct a tender offer.

During the second measurement period under the Tender Offer Program, the Fund's common shares traded at an average daily premium to NAV per share and, therefore, in accordance with its Tender Offer Program, the Fund did

not conduct a tender offer. During the third and final measurement period under the Tender Offer Program, the Fund's common shares traded at an average daily premium to NAV per share and, therefore, in accordance with its Tender Offer Program, the Fund did not conduct a tender offer.

In connection with the Old NHS Tender Offer Program, Management agreed to implement a voluntary waiver of 0.05% of its investment advisory fees to offset some of the expenses associated with, or possible increases in Old

NHS's expense ratio resulting from, the tender offers (see Note B for additional disclosure). This waiver terminated at the time Old NHS merged with and into the Fund. In connection with the reorganization, Management agreed to voluntarily waive a portion of its management fee at an annual rate of 0.05% of the Fund's average daily Managed Assets (see Note B for additional disclosure). The fee waiver has terminated. The Board retained the ability, consistent with its fiduciary duty, to opt out of the Tender Offer Program should circumstances arise that the Board believes could cause a material negative effect on the Fund or the Fund's shareholders.

Note F—Recent Accounting Pronouncement:

In December 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-11 Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). Effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods, ASU 2011-11 is intended to enhance disclosure requirements on the offsetting of financial assets and liabilities. At this time, Management is evaluating the implications of ASU 2011-11 and its impact on the financial statements.

Financial Highlights

High Yield Strategies Fund Inc.

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the Financial Statements. Per share amounts that round to less than \$.01 or \$(.01) per share are presented as \$.00 or \$(.00), respectively.

	Year Ended October 31, 2012	Period from January 1, 2010 to October 31, 2011	2010^^	Year Ended December 31, 2009	2008	2007^^
Common Share Net Asset Value, Beginning of Period	\$ 13.00	\$ 13.82	\$ 12.54	\$ 7.42	\$ 13.23	\$ 15.05
Net Investment Incomeç	1.17	1.34	1.19	1.43	1.52	1.67
Net Gain or Losses on Securities (both realized and unrealized)	1.03	(0.83)	1.20	4.97	(5.74)	(1.34)
Common Share Equivalent of Distributions to Preferred Shareholders From:						
Net Investment Incomeç	(0.05)	(0.05)	(0.03)	(0.04)	(0.27)	(0.40)
Net Realized Gainsç	—	—	—	—	—	(0.01)