

Neuberger Berman High Yield Strategies Fund Inc.

Form N-CSR

January 08, 2015

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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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K&L Gates LLP

1601 K Street, N.W.

Washington, D.C. 20006-1600

(Names and Addresses of agents for service)

Date of fiscal year end: October 31

Date of reporting period: October 31, 2014

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

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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.

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Item 1. Report to Stockholders.

Neuberger Berman  
High Yield Strategies Fund Inc.

## **Annual Report October 31, 2014**

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Contents

<b>PRESIDENT'S LETTER</b>	1
<b>PORTFOLIO COMMENTARY.</b>	2
<b>SCHEDULE OF INVESTMENTS</b>	6
<b>FINANCIAL STATEMENTS</b>	19
<b>FINANCIAL HIGHLIGHTS/PER SHARE DATA</b>	31
<b>Report of Independent Registered Public Accounting Firm</b>	33
<b>Distribution Reinvestment Plan</b>	34
<b>Directory</b>	37
<b>Directors and Officers</b>	38
<b>Proxy Voting Policies and Procedures</b>	46
<b>Quarterly Portfolio Schedule</b>	46
<b>Report of Votes of Shareholders</b>	47
<b>Board Consideration of the Management and Sub-Advisory Agreements</b>	48

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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, 2014. 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.

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.

1

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Neuberger Berman High Yield Strategies Fund Inc.  
Portfolio Commentary (Unaudited)

Neuberger Berman High Yield Strategies Fund Inc. generated a 6.48% total return on a net asset value (NAV) basis for the 12 months ended October 31, 2014 and outperformed its benchmark, the BofA Merrill Lynch U.S. High Yield Master II Constrained Index, which provided a 5.85% return for the period. (Fund performance on a market price basis is provided in the table immediately following this letter.) The use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) was beneficial for performance.

The overall fixed income market was volatile at times during the reporting period. Short-term Treasury yields moved higher as the U.S. Federal Reserve (Fed) ended its quantitative easing program and the market began pricing in a 2015 rate hike. In contrast, longer-term rates declined given several flights to quality due to concerns over global growth and numerous geopolitical issues. The high yield market posted positive returns during 10 of the 12 months of this reporting period and outperformed equal-duration Treasuries. Supporting the high yield market were generally solid corporate fundamentals, low defaults and overall solid investor demand. For the period, CCC-rated securities (a relatively low rating) and BB-rated securities (rated higher) in the benchmark returned 3.58% and 7.28%, respectively.

From a sector perspective, security selection in telecommunications, gaming and health care contributed the most to performance. Conversely, security selection in metals & mining and utilities, along with an underweight in banking, detracted the most from performance.

The Fund's lower quality biases were generally negative for performance. In particular, an underweight to securities rated BB and above detracted the most from results. This was partially offset by the Fund's strong security selection and leverage.

We made several adjustments to the portfolio during the reporting period. We increased the Fund's allocation to BB-rated securities, while paring its exposures to securities rated CCC and BBB and higher. From a sector perspective, we increased the Fund's allocations to energy, diversified financial services and support services. Conversely, we reduced exposures to technology, metals & mining and super retail.

The high yield market's performance has been choppy in recent months. However, underlying fundamentals, in our view, have not meaningfully changed. Given this, we believe periods of weakness have been largely driven by poor supply/demand technicals. We think a backdrop of economic growth and low inflation in the U.S., if it continues, could be supportive for corporate profits and the overall high yield market. In addition, given what we believe is likely to be a continued low interest rate environment, we feel investor demand could improve. Still, market volatility, in our opinion, could remain elevated given uncertainties regarding the timing of future Fed rate hikes, signs of weakening growth overseas and numerous geopolitical issues.

Sincerely,

ANN H. BENJAMIN, THOMAS P. O'REILLY, RUSS COVODE AND DANIEL DOYLE  
PORTFOLIO CO-MANAGERS

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

The opinions expressed are those of the Fund's portfolio managers. The opinions are as of the date of this report and are subject to change without notice.

The value of securities owned by the Fund, as well as the market value of Fund shares, may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Fund; conditions affecting the general economy; overall market changes; local, regional, national or global political, social or economic

instability; regulatory or legislative developments; price, currency and interest rate fluctuations, including those resulting from changes in central bank policies; and changes in investor sentiment.

2

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## TICKER SYMBOL

High Yield Strategies Fund Inc. NHS

## PORTFOLIO BY MATURITY DISTRIBUTION

(as a % of Total Investments)

Less than One Year	1.7%
One to less than Five Years	22.4
Five to less than Ten Years	67.6
Ten Years or Greater	8.3
Total	100.0%

PERFORMANCE HIGHLIGHTS<sup>1</sup>

	Inception Date	Average Annual Total Return Ended 10/31/2014			
		1 Year	5 Years	10 Years	Life of Fund
At NAV <sup>2</sup>	07/28/2003	6.48%	13.33%	10.26%	11.00%
At Market Price <sup>3</sup>					
Index	07/28/2003	5.13%	13.72%	8.88%	9.65%
BofA Merrill Lynch U.S. High Yield Master II Constrained Index <sup>4</sup>		5.85%	10.22%	8.12%	8.71%

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/performance](http://www.nb.com/performance).

**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 common shares.

The investment return and market price will fluctuate and common shares may trade at prices below NAV. Fund 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 certain of the periods shown. Please see the Notes to the Financial Highlights for additional information regarding fee waivers.



Endnotes

- 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 NAV of the Fund.
- 3 Returns based on the market price of Fund common shares on the NYSE MKT.
- 4 Please see “Description of Index” on page 5 for a description of the 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](http://www.nb.com).

Description of Index

**BofA Merrill Lynch US High Yield Master II Constrained Index:**

The index tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market. In addition to meeting other criteria, qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch ratings), and have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the U.S. and Western Europe. Securities in legal default are excluded from the index. Index constituents are capitalization-weighted, provided the total allocation to an individual issuer does not exceed 2%.

Please note that the index does not take into account any fees and expenses or any tax consequences of investing in individual securities that it tracks and that individuals cannot invest directly in any index. Data about the performance of this index are prepared or obtained by Management and include reinvestment of all income dividends and other distributions, if any. The Fund may invest in securities not included in the above described index and generally does not invest in all securities included in the index.

## Schedule of Investments High Yield Strategies Fund Inc.

**PRINCIPAL  
AMOUNT**

VAL

**Bank Loan Obligations<sup>u</sup>(6.5%)****All Telecom (1.7%)**

\$630,111	Integra Telecom, Term Loan B, 5.25%, due 2/22/19
4,125,000	Level 3 Financing Inc., Term Loan, due 7/1/15

**Automotive (0.4%)**

1,227,600	Navistar, Inc., Term Loan B, 5.75%, due 8/17/17
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**Business Equipment & Services (0.3%)**

190,323	Advantage Sales and Marketing, First Lien Term Loan, due 7/23/21
4,677	Advantage Sales and Marketing, First Lien Term Loan, due 7/23/21
375,000	Advantage Sales and Marketing, Second Lien Term Loan, due 7/25/22
440,000	Servicemaster Company, Term Loan, 4.25%, due 7/1/21

**Health Care (0.6%)**

98,731	Multiplan, Inc., Term Loan, 4.00%, due 3/31/21
1,528,730	United Surgical Partners International, Inc., Term Loan B, 4.75%, due 4/3/19

**Lodging & Casinos (2.9%)**

1,531,865	Centaur Acquisition, LLC, Second Lien Term Loan, 8.75%, due 2/20/20
1,759,000	Four Seasons Holdings Inc., Second Lien Term Loan, 6.25%, due 12/27/20
1,741,838	Mohegan Tribal Gaming, Term Loan B, 5.50%, due 11/19/19
3,175,000	Scientific Games Corp., Term Loan B-2, 6.00%, due 10/1/21

**Radio & Television (0.6%)**

310,544	iHeartCommunications Inc., Term Loan B, 3.80%, due 1/29/16
407,000	iHeartCommunications Inc., Term Loan D, 6.90%, due 1/30/19
997,961	iHeartCommunications Inc., Term Loan E, 7.65%, due 7/30/19

**Total Bank Loan Obligations (Cost \$18,387,553)****Corporate Debt Securities (135.1%)****Advertising (1.8%)**

1,190,000	Clear Channel Worldwide Holdings, Inc., Guaranteed Notes, Ser. B, 7.63%, due 3/15/20
1,800,000	Clear Channel Worldwide Holdings, Inc., Guaranteed Notes, Ser. B, 6.50%, due 11/15/22
495,000	Clear Channel Worldwide Holdings, Inc., Guaranteed Notes, Ser. A, 6.50%, due 11/15/22
1,300,000	Nielsen Finance LLC, Guaranteed Notes, 5.00%, due 4/15/22

**Aerospace & Defense (0.4%)**

1,165,000	Kratos Defense & Security Solutions, Inc., Senior Secured Notes, 7.00%, due 5/15/19
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See Notes to Schedule of Investments



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

PRINCIPAL AMOUNT		VALUE†
Auto Loans (0.4%)		
\$1,170,000	General Motors Financial Co., Inc., Guaranteed Notes, 4.38%, due 9/25/21	\$1,225,692
Automakers (0.6%)		
1,200,000	Chrysler Group LLC/CG Co-Issuer, Inc., Secured Notes, 8.25%, due 6/15/21	1,341,000
390,000	General Motors Co., Senior Unsecured Notes, 6.25%, due 10/2/43	464,100
		1,805,100
Beverages (0.5%)		
235,000	Constellation Brands, Inc., Guaranteed Notes, 3.88%, due 11/15/19	238,525 ∅
725,000	Constellation Brands, Inc., Guaranteed Notes, 4.25%, due 5/1/23	728,625
340,000	Constellation Brands, Inc., Guaranteed Notes, 4.75%, due 11/15/24	347,650 ∅
		1,314,800
Building & Construction (2.3%)		
155,000	D.R. Horton, Inc., Guaranteed Notes, 4.38%, due 9/15/22	153,063
2,025,000	D.R. Horton, Inc., Guaranteed Notes, 5.75%, due 8/15/23	2,159,156
1,545,000	Lennar Corp., Guaranteed Notes, 4.75%, due 11/15/22	1,529,550
570,000	Ryland Group, Inc., Guaranteed Notes, 5.38%, due 10/1/22	558,600
490,000	Standard Pacific Corp., Guaranteed Notes, 8.38%, due 1/15/21	573,300
1,445,000	Taylor Morrison Communities, Inc./Monarch Communities, Inc., Guaranteed Notes, 5.25%, due 4/15/21	1,455,303 ñ
		6,428,972
Building Materials (1.2%)		
1,990,000	USG Corp., Senior Unsecured Notes, 9.75%, due 1/15/18	2,293,475
1,050,000	USG Corp., Guaranteed Notes, 8.38%, due 10/15/18	1,098,615 ñ