

Neuberger Berman High Yield Strategies Fund Inc.

Form N-CSR

January 04, 2018

As filed with the Securities and Exchange Commission on January 4, 2018

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 registrant as specified in charter)

c/o Neuberger Berman Investment Advisers LLC

1290 Avenue of the Americas

New York, New York 10104

(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 Investment Advisers LLC

1290 Avenue of the Americas

New York, New York 10104

Arthur C. Delibert, Esq.

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, 2017

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, as amended ("Act") (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 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.

Following is a copy of the annual report transmitted to stockholders pursuant to Rule 30e-1 under the Act.

Neuberger Berman
High Yield Strategies
Fund Inc.



Annual Report

October 31, 2017

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President's Letter

Dear Stockholder,

I am pleased to present the annual report for Neuberger Berman High Yield Strategies Fund Inc. (the "Fund") for the 12 months ended October 31, 2017. The report includes a portfolio commentary as well as an audited listing of the Fund's investments and 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.

On March 31, 2017, the Fund announced a decrease in its monthly distribution rate to \$0.0725 per share of common stock from the prior monthly distribution rate of \$0.08 per share. The Fund's decrease in distribution rate was the result of numerous factors, including the decline in the absolute level of yields available in the high yield market, the degree of credit spread tightening that had occurred in the high yield market, the increase in the Fund's cost of leverage and the resultant overall reduction in the level of income generated by the Fund relative to its then current distribution amount.

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.

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Neuberger Berman High Yield Strategies Fund Inc.

Portfolio Commentary (Unaudited)

Neuberger Berman High Yield Strategies Fund Inc. generated a 10.41% total return on a net asset value (NAV) basis for the 12 months ended October 31, 2017 and outperformed its benchmark, the ICE BofAML U.S. High Yield Constrained Index (the benchmark index), which provided a 9.14% return for the same period. (Fund performance on a market price basis is provided in the table immediately following this commentary.) The use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) contributed to performance.

The overall high yield market, as measured by the benchmark index, generated strong results during the reporting period. After a weak start in November 2016, the high yield market rallied over nine of the last 11 months of the period. This was driven by a number of factors, including overall strong corporate earnings, low defaults, improving global growth and rising oil prices. Against this backdrop, investor demand was generally robust as investors looked to generate incremental yield in the low interest rate environment. Within the benchmark index, securities rated CCC and lower (relatively lower ratings) and securities rated BB (a higher rating) returned 13.72% and 7.78%, respectively.*

From a sector perspective, security selection within utilities and gaming, along with an underweight to super retail (non-food & drug retailers), were the largest contributors to performance. In contrast, security selection within energy, support services, and diversified financial services detracted the most from performance for the reporting period.

In terms of the Fund's quality biases, security selection within BB and CCC rated securities was negative for performance, as was the Fund's underweight to CCC rated securities.

We made several adjustments to the portfolio during the reporting period. The Fund's allocation to BBB and BB rated securities was reduced. We also increased the Fund's allocation to B rated bonds by approximately 6%. From a sector perspective, the Fund increased its allocation to diversified financial services securities, while reducing its banking, insurance, health care and gas distribution exposure.

The Fund's use of swap contracts contributed positively to performance during the reporting period.

As was widely anticipated, the U.S. Federal Reserve (the Fed) raised interest rates again following its mid-December meeting, which was the third hike of 2017. All in all, we believe the Fed's measured approach to policy normalization represents a constructive scenario for high yield bonds, which historically have performed well during rising interest rate environments. We continue to believe that the high yield market is compensating investors for default risk. We anticipate high yield defaults will remain below historical averages for the remainder of 2017 and 2018 if the U.S. economic expansion continues. While volatility has failed to emerge in the non-investment grade space, as it has in most risk markets, the potential remains for a spike in volatility over the balance of the year given ongoing policy uncertainty in the U.S., various geopolitical flashpoints and the possibility that the improvement in global economic growth could wane. We don't believe lower-quality high yield securities at current levels are compensating investors for these risks.

Sincerely,

Thomas P. O'Reilly, Russ Covode, Daniel Doyle And Patrick Flynn
Portfolio Co-Managers

* The performance of certain rated bonds within the benchmark, as noted above, represent issues that are rated Ba1/BB+ through Ba3/BB- and CCC+/Caa1 or lower, based on an average of Moody's, S&P and Fitch, as calculated by ICE BofAML.

The portfolio composition, industries and holdings of the Fund are subject to change without notice.

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 shares of the Fund's common stock, 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.

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High Yield Strategies Fund NHS

**PORTFOLIO BY MATURITY
DISTRIBUTION**

(as a % of Total Investments*)

Less than One Year	1.7%
One to less than Five Years	31.6
Five to less than Ten Years	58.9
Ten Years or Greater	7.8
Total	100.0%

* Does not include Short-Term Investments or the impact of the Fund's open positions in derivatives, if any.

	Inception Date	Average Annual Total Return Ended 10/31/2017			
		1 Year	5 Years	10 Years	Life of Fund
At NAV ²	07/28/2003	10.41%	7.58%	9.64%	9.96%
At Market Price ³	07/28/2003	12.70%	5.19%	9.51%	8.82%
Index					
ICE BofAML U.S. High Yield Constrained Index ⁴		9.14%	6.30%	7.78%	8.06%

⁴ Effective October 20, 2017, the BofA Merrill Lynch U.S. High Yield Master II Constrained Index changed its name to the ICE BofAML U.S. High Yield Constrained Index.

Closed-end funds, unlike open-end funds, are not continually offered. Generally, there is an initial public offering and, once issued, shares of common stock of closed-end funds are sold in the secondary market on 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/cef-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 stockholder would pay on Fund distributions or on the sale of shares of the Fund's common stock.

The investment return and market price will fluctuate and shares of the Fund's common stock may trade at prices above or below NAV. Shares of the Fund's common stock, when sold, may be worth more or less than their original cost.

Returns would have been lower if Neuberger Berman Investment Advisers LLC ("Management") had not waived certain expenses during certain of the periods shown. The waived fees are from prior years that are no longer disclosed in the Financial Highlights.

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 shares of the Fund's common stock on the NYSE American.
- 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 Neuberger Berman Investment Advisers LLC at (800) 877-9700, or visit our website at www.nb.com.

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Description of 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%.

ICE BofAML U.S. High Yield Constrained Index:

Please note that the index does not take into account any fees and expenses or any 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 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.
October 31, 2017

PRINCIPAL AMOUNT VALUE

Loan Assignments^(a) 9.0%

All Telecom 0.4%

\$770,000	Centurylink, First Lien Term Loan B, 3 month USD LIBOR + 1.38%, (2.75%), due 1/31/25	\$759,73
430,000	Level 3 Financing, Inc., First Lien Term Loan B, 3 month USD LIBOR + 2.25%, (3.49%), due 2/22/24	431,45
		1,191,

Business Equipment & Services 1.9%

1,889,866	Advantage Sales and Marketing, Second Lien Term Loan, 3 month USD LIBOR + 6.50%, (7.87%), due 7/25/22	1,574,
743,820	Convergeone, First Lien Term Loan B, 3 month USD LIBOR + 4.75%, (6.09%), due 6/20/24	744,28
1,191,049	First Data Corporation, First Lien Term Loan, 3 month USD LIBOR + 2.25%, (3.49%), due 7/10/22	1,193,
766,196	Presidio, First Lien Term Loan, 3 month USD LIBOR + 3.50%, (4.58%), due 2/2/22	771,39
818,999	Servicemaster Company, First Lien Term Loan B, 3 month USD LIBOR + 2.50%, (3.74%), due 11/8/23	822,48
		5,106,

Cable & Satellite Television 0.2%

471,293	Cablevision Systems Corp., First Lien Term Loan B, 3 month USD LIBOR + 2.25%, (3.48%), due 7/17/25	470,53
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Containers & Glass Products 0.6%

1,602,556	Reynolds Group, First Lien Term Loan, 3 month USD LIBOR + 3.00%, (3.99%), due 2/5/23	1,611,
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Drugs 0.2%

434,246	Pharmaceutical Product Development, Inc., First Lien Term Loan, 3 month USD LIBOR + 2.75%, (4.04%), due 8/18/22	436,55
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Electronics - Electrical 0.4%

855,000	Mcafee, First Lien Term Loan B, 3 month USD LIBOR + 4.50%, (5.83%), due 9/26/24	860,19
337,143	Rackspace Hosting, Inc., First Lien Term Loan B, 3 month USD LIBOR + 3.00%, (4.31%), due 11/3/23	336,93
		1,197,

Equipment Leasing 0.4%

972,563	Avolon, First Lien Term Loan B2, 3 month USD LIBOR + 2.75%, (3.49%), due 4/3/22	979,79
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Food & Drug Retailers 0.4%

1,004,013	General Nutrition Centers, First Lien Term Loan, 3 month USD LIBOR + 2.50%, (3.75%), due 3/4/19	952,69
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Health Care 0.9%

824,011	Envision Healthcare, First Lien Term Loan B, 3 month USD LIBOR + 3.00%, (4.25%), due 12/1/23	827,10
425,430	Multiplan, Inc., First Lien Term Loan B, 3 month USD LIBOR + 3.00%, (4.33%), due 6/7/23	429,38
1,159,175	Team Health, Inc., First Lien Term Loan B, 3 month USD LIBOR + 2.75%, (3.99%), due 2/6/24	1,149,
		2,405,

See Notes to Financial Statements 6

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

PRINCIPAL AMOUNT VALUE

Leisure Goods - Activities - Movies 0.4%

\$ 487,455	Match Group Inc., First Lien Term Loan B, 3 month USD LIBOR + 2.50%, (3.81%), due 11/16/22	\$
492,525	Seaworld, First Lien Term Loan B5, 3 month USD LIBOR + 3.00%, (4.33%), due 3/31/24	

Lodging & Casinos 1.7%

2,540,000	Cowlitz Tribal Gaming, First Lien Term Loan B, 3 month USD LIBOR + 10.50%, (11.74%), due 12/6/21	2.
643,636	Extended Stay, First Lien Term Loan B, 3 month USD LIBOR + 2.50%, (3.74%), due 8/30/23	
870,227	Hilton Worldwide, First Lien Term Loan B2, 3 month USD LIBOR + 2.00%, (3.23%), due 10/25/23	4.

Publishing 0.2%

537,904	Harland Clark Holdings Corp., First Lien Term Loan B6, 3 month USD LIBOR + 5.50%, (6.83%), due 2/9/22	
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Radio & Television 0.5%

328,694	Sinclair Broadcasting, First Lien Term Loan B2, 3 month USD LIBOR + 2.25%, (3.50%), due 1/3/24	
987,111	Univision Communications Inc., First Lien Term Loan C5, 3 month USD LIBOR + 2.75%, (3.99%), due 3/15/24	1.

Retailers (except food & drug) 0.4%

440,000	Bass Pro Shops, First Lien Term Loan B, 3 month USD LIBOR + 5.00%, (6.24%), due 9/25/24	
726,350	BJS Wholesale Club Inc., First Lien Term Loan B, 3 month USD LIBOR + 3.75%, (4.99%), due 1/27/24	1.

Utilities 0.4%

792,371	Calpine Corp., First Lien Term Loan B6, 3 month USD LIBOR + 2.75%, (4.09%), due 1/15/23	
277,962	Texas Competitive, First Lien Term Loan B2, 3 month USD LIBOR + 3.25%, (4.01%), due 12/14/23	1.

Total Loan Assignments (Cost \$23,656,934)

Corporate Bonds 134.0%

Advertising 2.1%

160,000	Lamar Media Corp. 5.00%, due 5/1/23	23.
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