

Dreyfus High Yield Shares

SEMIANNUAL REPORT April 30, 2007



Dreyfus

A Mellon Financial CompanySM

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

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|---|
| Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value |
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A LETTER FROM THE CEO

Dear Shareholder:

We present to you this semiannual report for Dreyfus High Yield Shares, covering the six-month period from November 1, 2006, through April 30, 2007.

The U.S. economy moderated throughout the reporting period as cooling housing markets took their toll on consumer and business spending. Yet, labor markets remained quite strong, and key measures of inflation stayed stubbornly above the Federal Reserve's stated "comfort zone." Dreyfus' chief economist believes that these seemingly conflicting signals may be the result of a lag between the current downturn in housing activity and its likely dampening effect on housing-related employment. In his view, inflationary pressures may moderate over the coming months in an environment of modestly higher unemployment rates and sub-par economic growth.

The likely implications of this economic outlook include a long pause in Fed policy before an eventual easing of short-term interest rates, a modest drop in 10-year Treasury bond yields, decelerating corporate earnings, high levels of mergers-and-acquisitions activity and a probable continuation of the ongoing shift in investor sentiment toward higher-quality stocks. We expect these developments to produce both challenges and opportunities in fixed-income markets, and your financial advisor can help determine the appropriate asset allocation strategy for you.

Thank you for your continued confidence and support.

Sincerely,

Thomas F. Eggers
Chief Executive Officer
The Dreyfus Corporation
May 15, 2007

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in Dreyfus High Yield Shares from November 1, 2006 to April 30, 2007. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

| Expenses and Value of a \$1,000 Investment | |
|---|------------|
| assuming actual returns for the six months ended April 30, 2007 | |
| Expenses paid per \$1,000† | \$.00 |
| Ending value (after expenses) | \$1,054.20 |

COMPARING YOUR FUND'S EXPENSES
WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

| Expenses and Value of a \$1,000 Investment | |
|--|------------|
| assuming a hypothetical 5% annualized return for the six months ended April 30, 2007 | |
| Expenses paid per \$1,000† | \$.00 |
| Ending value (after expenses) | \$1,024.79 |

† Expenses are equal to the fund's annualized expense ratio of .00%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

STATEMENT OF INVESTMENTS

April 30, 2007 (Unaudited)

| Bonds and Notes—91.9% | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Advertising—.3% | | | | |
| Lamar Media, Sr. Unscd. Notes | 6.63 | 8/15/15 | 15,000 | 14,962 |
| R.H. Donnelley, Gtd. Notes | 10.88 | 12/15/12 | 8,000 | 8,700 |
| | | | | 23,662 |
| Aerospace & Defense—2.0% | | | | |
| BE Aerospace, Sr. Sub. Notes, Ser. B | 8.88 | 5/1/11 | 21,000 ^a | 21,621 |
| DRS Technologies, Gtd. Notes | 6.88 | 11/1/13 | 9,000 | 9,135 |
| Esterline Technologies, Sr. Notes | 6.63 | 3/1/17 | 30,000 ^b | 30,450 |
| L-3 Communications, Gtd. Bonds | 3.00 | 8/1/35 | 10,000 | 10,863 |
| L-3 Communications, Gtd. Notes, Ser. B | 6.38 | 10/15/15 | 15,000 | 15,000 |
| L-3 Communications, Gtd. Notes | 7.63 | 6/15/12 | 45,000 | 46,856 |
| | | | | 133,925 |
| Agricultural—.2% | | | | |
| Alliance One International, Gtd. Notes | 11.00 | 5/15/12 | 15,000 | 16,725 |
| Automobile Manufacturers—1.4% | | | | |
| Ford Motor, Debs. | 6.50 | 8/1/18 | 15,000 ^a | 12,075 |
| Ford Motor, Unscd. Notes | 7.45 | 7/16/31 | 75,000 ^a | 59,719 |
| General Motors, Notes | 7.20 | 1/15/11 | 25,000 | 23,937 |
| | | | | 95,731 |
| Automotive, Trucks & Parts—1.3% | | | | |
| Goodyear Tire & Rubber, Sr. Notes | 9.00 | 7/1/15 | 30,000 | 33,225 |
| Tenneco Automotive, Gtd. Notes | 8.63 | 11/15/14 | 25,000 ^a | 26,688 |
| United Components, Sr. Sub. Notes | 9.38 | 6/15/13 | 29,000 | 30,305 |
| | | | | 90,218 |

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Building & Construction—0.6% | | | | |
| Goodman Global Holdings, Gtd. Notes | 7.88 | 12/15/12 | 9,000 | 9,112 |
| Goodman Global Holdings, Gtd. Notes, Ser. B | 8.36 | 6/15/12 | 25,000 ^c | 25,438 |
| KB Home, Gtd. Notes | 5.75 | 2/1/14 | 5,000 | 4,650 |
| | | | | 39,200 |
| Casinos & Gaming—1.1% | | | | |
| Wimar OpCo, Sr. Sub. Notes | 9.63 | 12/15/14 | 75,000 ^{a,b} | 76,500 |
| Chemicals—2.9% | | | | |
| Airgas, Gtd. Notes | 6.25 | 7/15/14 | 25,000 | 24,375 |
| CPG International I, Sr. Unscd. Notes | 10.50 | 7/1/13 | 15,000 | 15,825 |
| Equistar Chemicals/Funding, Gtd. Notes | 10.13 | 9/1/08 | 20,000 | 21,200 |
| Ineos Group Holdings, Sr. Sub. Notes | 8.50 | 2/15/16 | 45,000 ^b | 43,763 |
| Lyondell Chemical, Gtd. Notes | 8.00 | 9/15/14 | 25,000 | 26,313 |
| Nalco, Sr. Sub. Notes | 8.88 | 11/15/13 | 39,000 | 41,925 |
| Rockwood Specialties Group, Gtd. Notes | 10.63 | 5/15/11 | 13,000 | 13,780 |
| Westlake Chemical, Gtd. Notes | 6.63 | 1/15/16 | 10,000 | 9,775 |
| | | | | 196,956 |
| Commercial & Professional Services—2.1% | | | | |
| Aramark, Sr. Notes | 8.50 | 2/1/15 | 20,000 ^b | 21,025 |
| Aramark, Sr. Notes | 8.86 | 2/1/15 | 10,000 ^{b,c} | 10,325 |
| Education Management/Finance, Gtd. Notes | 8.75 | 6/1/14 | 20,000 | 21,250 |
| Education Management/Finance, Gtd. Notes | 10.25 | 6/1/16 | 30,000 | 32,925 |

STATEMENT OF INVESTMENTS (Unaudited) (continued)

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|--------------------|------------------|--------------------------|----------------|
| Commercial & Professional Services (continued) | | | | |
| Hertz, Gtd. Notes | 8.88 | 1/1/14 | 20,000 | 21,650 |
| Hertz, Gtd. Notes | 10.50 | 1/1/16 | 10,000 | 11,450 |
| Williams Scotsman, Gtd. Notes | 8.50 | 10/1/15 | 25,000 | 26,625 |
| | | | | 145,250 |
| Communications—3% | | | | |
| Cricket Communications I, Sr. Notes | 9.38 | 11/1/14 | 20,000 ^b | 21,450 |
| Consumer Products—1.5% | | | | |
| Chattem, Sr. Sub. Notes | 7.00 | 3/1/14 | 35,000 | 35,175 |
| Church & Dwight, Gtd. Notes | 6.00 | 12/15/12 | 35,000 | 34,650 |
| Playtex Products, Gtd. Notes | 9.38 | 6/1/11 | 30,000 | 31,125 |
| | | | | 100,950 |
| Containers—Paper—3% | | | | |
| Stone Container, Sr. Notes | 8.00 | 3/15/17 | 20,000 ^b | 20,000 |
| Diversified Financial Services—8.2% | | | | |
| CCM Merger, Notes | 8.00 | 8/1/13 | 20,000 ^{a,b} | 20,350 |
| Chevy Chase Bank, Sub. Notes | 6.88 | 12/1/13 | 105,000 | 110,775 |
| Consolidated Communications Illinois/Texas Holdings, Sr. Notes | 9.75 | 4/1/12 | 10,000 | 10,650 |
| E*TRADE FINANCIAL, Sr. Unscd. Notes | 8.00 | 6/15/11 | 10,000 | 10,562 |
| FCE Bank, Notes | EUR 4.91 | 9/30/09 | 60,000 ^{c,d} | 80,367 |
| Ford Motor Credit, Notes | 5.63 | 10/1/08 | 25,000 | 24,616 |
| Ford Motor Credit, Unscd. Notes | 6.18 | 9/28/07 | 20,000 ^c | 20,000 |
| Ford Motor Credit, Unscd. Notes, | 7.38 | 10/28/09 | 15,000 | 15,020 |

| Bonds and Notes (continued) | | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|-----|--------------------|------------------|--------------------------|----------------|
| Diversified Financial Services (continued) | | | | | |
| General Motors Acceptance International Finance, Gtd. Notes | EUR | 4.38 | 10/31/07 | 35,000 ^d | 47,667 |
| GMAC, Sr. Unsub. Notes | EUR | 5.38 | 6/6/11 | 15,000 ^d | 20,104 |
| GMAC, Notes | | 6.13 | 1/22/08 | 25,000 ^a | 24,968 |
| GMAC, Unsub. Notes | | 7.75 | 1/19/10 | 55,000 | 56,445 |
| Idearc, Sr. Notes | | 8.00 | 11/15/16 | 35,000 ^b | 36,663 |
| K & F Acquisition, Gtd. Notes | | 7.75 | 11/15/14 | 10,000 | 10,750 |
| Leucadia National, Sr. Unscd. Notes | | 7.00 | 8/15/13 | 20,000 | 20,150 |
| Residential Capital, Gtd. Notes | | 6.50 | 4/17/13 | 9,000 | 9,006 |
| Residential Capital, Gtd. Notes | | 6.88 | 6/30/15 | 10,000 ^a | 10,142 |
| Stena, Sr. Notes | | 7.50 | 11/1/13 | 13,000 | 13,325 |
| UCI Holdco, Sr. Notes | | 12.35 | 12/15/13 | 15,000 ^{b,c} | 15,375 |
| | | | | | 556,935 |
| Diversified Metals & Mining—1.8% | | | | | |
| Consol Energy, Gtd. Notes | | 7.88 | 3/1/12 | 17,000 | 18,147 |
| CSN Islands IX, Gtd. Notes | | 10.50 | 1/15/15 | 23,000 ^{b,c} | 27,485 |
| Freeport-McMoRan Copper & Gold, Sr. Notes | | 6.88 | 2/1/14 | 25,000 | 25,906 |
| Gibraltar Industries, Gtd. Notes, Ser. B | | 8.00 | 12/1/15 | 15,000 ^c | 15,188 |
| Peabody Energy, Gtd. Notes, Ser. B | | 6.88 | 3/15/13 | 35,000 | 35,613 |
| | | | | | 122,339 |
| Electric Utilities—6.5% | | | | | |
| AES, Sr. Unsub. Notes | | 8.88 | 2/15/11 | 130,000 | 141,050 |

STATEMENT OF INVESTMENTS (Unaudited) (continued)

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|--------------------|------------------|--------------------------|----------------|
| Electric Utilities (continued) | | | | |
| AES, Sr. Notes | 9.38 | 9/15/10 | 35,000 | 38,588 |
| CMS Energy, Sr. Unscd. Notes | 9.88 | 10/15/07 | 37,000 | 37,786 |
| Edison Mission Energy, Sr. Unscd. Notes | 7.50 | 6/15/13 | 25,000 ^a | 26,125 |
| Mirant North America, Gtd. Notes | 7.38 | 12/31/13 | 70,000 | 74,375 |
| Nevada Power, Mortgage Notes, Ser. A | 8.25 | 6/1/11 | 18,000 | 19,917 |
| NRG Energy, Gtd. Notes | 7.25 | 2/1/14 | 20,000 | 20,750 |
| Reliant Energy, Scd. Notes | 9.25 | 7/15/10 | 24,000 | 25,290 |
| Sierra Pacific Resources, Sr. Unscd. Notes | 8.63 | 3/15/14 | 54,000 | 58,405 |
| | | | | 442,286 |
| Electrical Components & Equipment—5% | | | | |
| NXP/Funding, Scd. Bonds | 7.88 | 10/15/14 | 35,000 ^b | 36,575 |
| Environmental Control—2.0% | | | | |
| Allied Waste North America, Scd. Notes | 6.50 | 11/15/10 | 75,000 | 76,031 |
| Allied Waste North America, Gtd. Notes, Ser. B | 9.25 | 9/1/12 | 45,000 | 47,700 |
| WCA Waste, Gtd. Notes | 9.25 | 6/15/14 | 10,000 | 10,700 |
| | | | | 134,431 |
| Food & Beverages—2.8% | | | | |
| Dean Foods, Gtd. Notes | 7.00 | 6/1/16 | 35,000 | 35,613 |
| Del Monte, Sr. Sub. Notes | 8.63 | 12/15/12 | 28,000 ^c | 29,540 |
| Dole Food, Sr. Notes | 8.63 | 5/1/09 | 9,000 ^c | 9,180 |
| Dole Food, Debs. | 8.75 | 7/15/13 | 9,000 ^a | 9,000 |
| Dole Food, Gtd. Notes | 8.88 | 3/15/11 | 6,000 ^a | 6,105 |

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Food & Beverages (continued) | | | | |
| Smithfield Foods, Sr. Unscd. Notes | 7.00 | 8/1/11 | 25,000 | 25,625 |
| Stater Brothers Holdings, Sr. Notes | 8.13 | 6/15/12 | 55,000 | 56,925 |
| Stater Brothers Holdings, Sr. Notes | 8.85 | 6/15/10 | 20,000 ^c | 20,325 |
| | | | | 192,313 |
| Health Care—3.0% | | | | |
| DaVita, Gtd. Notes | 7.25 | 3/15/15 | 25,000 ^a | 25,687 |
| HCA, Sr. Unscd. Notes | 6.95 | 5/1/12 | 25,000 | 24,562 |
| HCA, Sr. Unscd. Notes | 8.75 | 9/1/10 | 25,000 | 26,531 |
| HCA, Scd. Notes | 9.13 | 11/15/14 | 5,000 ^b | 5,413 |
| HCA, Scd. Notes | 9.25 | 11/15/16 | 15,000 ^b | 16,388 |
| Psychiatric Solutions, Gtd. Notes | 7.75 | 7/15/15 | 10,000 | 10,275 |
| Tenet Healthcare, Sr. Notes | 9.88 | 7/1/14 | 51,000 | 52,530 |
| Triad Hospitals, Sr. Sub. Notes | 7.00 | 11/15/13 | 41,000 | 43,050 |
| | | | | 204,436 |
| Lodging & Entertainment—9.3% | | | | |
| AMC Entertainment, Sr. Sub. Notes | 8.00 | 3/1/14 | 55,000 | 56,512 |
| Cinemark, Sr. Discount Notes | 9.75 | 3/15/14 | 65,000 ^e | 60,125 |
| Gaylord Entertainment, Gtd. Notes | 6.75 | 11/15/14 | 20,000 | 19,950 |
| Isle of Capri Casinos, Gtd. Notes | 9.00 | 3/15/12 | 15,000 | 15,731 |
| Leslie's Poolmart, Sr. Notes | 7.75 | 2/1/13 | 40,000 | 40,600 |
| Mandalay Resort Group, Sr. Unscd. Notes | 6.50 | 7/31/09 | 24,000 | 24,450 |
| Mandalay Resort Group, Sr. Unscd. Notes, Ser. B | 10.25 | 8/1/07 | 50,000 | 50,750 |

STATEMENT OF INVESTMENTS (Unaudited) (continued)

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Lodging & Entertainment (continued) | | | | |
| Marquee Holdings, Sr. Discount Notes | 12.00 | 8/15/14 | 10,000 ^{a,e} | 8,875 |
| MGM Mirage, Gtd. Notes | 8.38 | 2/1/11 | 10,000 | 10,663 |
| MGM Mirage, Gtd. Notes | 8.50 | 9/15/10 | 15,000 | 16,163 |
| Mohegan Tribal Gaming Authority, Sr. Unscd. Notes | 6.13 | 2/15/13 | 30,000 | 29,550 |
| Mohegan Tribal Gaming Authority, Gtd. Notes | 6.38 | 7/15/09 | 25,000 | 25,125 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | 8.00 | 4/1/12 | 15,000 | 15,600 |
| Penn National Gaming, Gtd. Notes | 6.88 | 12/1/11 | 25,000 | 25,281 |
| Pokagon Gaming Authority, Sr. Notes | 10.38 | 6/15/14 | 55,000 ^b | 61,875 |
| Royal Caribbean Cruises, Sr. Notes | 8.75 | 2/2/11 | 35,000 | 38,598 |
| Scientific Games, Gtd. Notes | 6.25 | 12/15/12 | 45,000 | 44,325 |
| Seneca Gaming, Sr. Unscd. Notes, Ser. B | 7.25 | 5/1/12 | 15,000 | 15,337 |
| Speedway Motorsports, Sr. Sub. Notes | 6.75 | 6/1/13 | 65,000 | 65,162 |
| | | | | 624,672 |
| Machinery—1.7% | | | | |
| Case, Notes | 7.25 | 1/15/16 | 10,000 ^a | 10,563 |
| Columbus McKinnon, Sr. Sub. Notes | 8.88 | 11/1/13 | 10,000 ^a | 10,800 |
| Douglas Dynamics, Gtd. Notes | 7.75 | 1/15/12 | 35,000 ^b | 32,375 |
| Terex, Gtd. Notes | 7.38 | 1/15/14 | 60,000 | 63,000 |
| | | | | 116,738 |
| Manufacturing—1.2% | | | | |
| J.B. Poindexter & Co., Gtd. Notes | 8.75 | 3/15/14 | 30,000 | 28,650 |

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|--------------------|------------------|--------------------------|----------------|
| Manufacturing (continued) | | | | |
| Polypore International, Sr. Discount Notes | 10.50 | 10/1/12 | 31,000 ^e | 29,683 |
| RBS Global/Rexnord, Gtd. Notes | 11.75 | 8/1/16 | 20,000 ^a | 22,300 |
| | | | | 80,633 |
| Media—5.9% | | | | |
| CCH I Holdings, Gtd. Notes | 9.92 | 4/1/14 | 40,000 ^a | 37,400 |
| CSC Holdings, Sr. Notes | 6.75 | 4/15/12 | 79,000 | 79,296 |
| Dex Media East/Finance, Gtd. Notes | 9.88 | 11/15/09 | 3,000 | 3,139 |
| Dex Media East/Finance, Gtd. Notes | 12.13 | 11/15/12 | 50,000 ^a | 54,625 |
| Dex Media West/Finance, Gtd. Notes, Ser. B | 9.88 | 8/15/13 | 75,000 | 82,031 |
| Kabel Deutschland, Gtd. Notes | 10.63 | 7/1/14 | 75,000 | 84,187 |
| Nexstar Finance Holdings, Sr. Discount Notes | 11.38 | 4/1/13 | 36,000 ^e | 35,550 |
| Radio One, Gtd. Notes, Ser. B | 8.88 | 7/1/11 | 25,000 | 25,937 |
| | | | | 402,165 |
| Metals—.2% | | | | |
| Freeport-McMoran C&G, Sr. Unscd. Notes | 8.25 | 4/1/15 | 15,000 | 16,256 |
| Oil & Gas—6.0% | | | | |
| Chesapeake Energy, Gtd. Notes | 7.63 | 7/15/13 | 10,000 | 10,650 |
| Dynegy Holdings, Sr. Unscd. Notes | 8.38 | 5/1/16 | 50,000 | 52,938 |
| El Paso Production Holding, Gtd. Notes | 7.75 | 6/1/13 | 30,000 | 31,735 |
| El Paso, Sr. Notes | 7.75 | 6/15/10 | 70,000 | 74,996 |
| Hanover Equipment Trust, Scd. Notes, Ser. B | 8.75 | 9/1/11 | 22,000 ^{a,c} | 22,880 |

STATEMENT OF INVESTMENTS (Unaudited) (continued)

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|---|--------------------|------------------|--------------------------|----------------|
| Oil & Gas (continued) | | | | |
| Northwest Pipeline, Sr. Unscd. Notes | 7.00 | 6/15/16 | 75,000 | 80,625 |
| Whiting Petroleum, Gtd. Notes | 7.25 | 5/1/13 | 35,000 | 34,475 |
| Williams Cos., Sr. Unscd. Notes | 7.13 | 9/1/11 | 10,000 | 10,550 |
| Williams Cos., Notes | 7.35 | 10/1/10 | 25,000 ^{a,b,c} | 25,875 |
| Williams Cos., Sr. Notes | 7.63 | 7/15/19 | 25,000 | 27,375 |
| Williams Cos., Sr. Unscd. Notes | 7.88 | 9/1/21 | 30,000 | 33,375 |
| | | | | 405,474 |
| Packaging & Containers—6.3% | | | | |
| Ball, Gtd. Notes | 6.88 | 12/15/12 | 35,000 | 35,963 |
| BPC Holding, Scd. Notes | 8.88 | 9/15/14 | 10,000 | 10,350 |
| BPC Holding, Scd. Notes | 9.23 | 9/15/14 | 5,000 ^{a,c} | 5,137 |
| Crown Americas/Capital, Gtd. Notes | 7.63 | 11/15/13 | 115,000 | 120,175 |
| Crown Americas/Capital, Gtd. Notes | 7.75 | 11/15/15 | 65,000 | 69,062 |
| Norampac, Gtd. Notes | 6.75 | 6/1/13 | 35,000 | 34,825 |
| Owens Brockway Glass Container, Gtd. Notes | 6.75 | 12/1/14 | 8,000 | 8,090 |
| Owens Brockway Glass Container, Gtd. Notes | 7.75 | 5/15/11 | 15,000 | 15,600 |
| Owens Brockway Glass Container, Gtd. Notes | 8.25 | 5/15/13 | 5,000 | 5,300 |
| Owens Brockway Glass Container, Gtd. Notes | 8.75 | 11/15/12 | 2,000 | 2,117 |
| Owens Brockway Glass Container, Gtd. Notes | 8.88 | 2/15/09 | 14,000 | 14,350 |
| Owens-Illinois, Debs. | 7.80 | 5/15/18 | 60,000 | 62,400 |

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Packaging & Containers (continued) | | | | |
| Plastipak Holdings, Sr. Notes | 8.50 | 12/15/15 | 40,000 ^b | 43,000 |
| | | | | 426,369 |
| Paper & Forest Products–1.4% | | | | |
| Georgia-Pacific, Gtd. Notes | 7.00 | 1/15/15 | 40,000 ^b | 40,400 |
| Georgia-Pacific, Sr. Uscd. Notes | 8.00 | 1/15/24 | 15,000 | 15,225 |
| Georgia-Pacific, Notes | 8.13 | 5/15/11 | 35,000 | 37,100 |
| | | | | 92,725 |
| Property & Casualty Insurance–.8% | | | | |
| Allmerica Financial, Debs. | 7.63 | 10/15/25 | 50,000 ^a | 54,140 |
| Real Estate Investment Trusts–.7% | | | | |
| Host Marriott, Gtd. Notes, Ser. M | 7.00 | 8/15/12 | 45,000 | 46,238 |
| Retail–.9% | | | | |
| Amerigas Partners, Sr. Unscd. Notes | 7.25 | 5/20/15 | 15,000 | 15,338 |
| Jean Coutu Group PJC, Sr. Notes | 7.63 | 8/1/12 | 30,000 | 31,997 |
| Neiman-Marcus Group, Gtd. Notes | 9.00 | 10/15/15 | 10,000 | 11,075 |
| | | | | 58,410 |
| State/Territory Gen Oblg–1.8% | | | | |
| Erie Tobacco Asset Securitization/NY, Tobacco Settlement Asset-Backed Bonds | 6.00 | 6/1/28 | 15,000 | 15,095 |
| Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds | 7.31 | 6/1/34 | 45,000 | 46,593 |
| Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds | 6.50 | 6/1/23 | 60,000 | 60,092 |
| | | | | 121,780 |

STATEMENT OF INVESTMENTS (Unaudited) (continued)

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|----------------|
| Structured Index-3.9% | | | | |
| Dow Jones CDX, Credit Linked Notes, Ser. 4-T2 | 6.75 | 6/29/10 | 264,116 ^{b,f} | 268,078 |
| Technology-1.2% | | | | |
| Freescall Semiconductor, Sr. Notes | 8.88 | 12/15/14 | 65,000 ^b | 65,406 |
| Freescall Semiconductor, Sr. Sub. Notes | 10.13 | 12/15/16 | 15,000 ^{a,b} | 15,225 |
| | | | | 80,631 |
| Telecommunications-10.3% | | | | |
| American Tower, Sr. Notes | 7.13 | 10/15/12 | 24,000 | 25,020 |
| American Towers, Gtd. Notes | 7.25 | 12/1/11 | 37,000 | 38,665 |
| Belden CDT, Sr. Sub. Notes | 7.00 | 3/15/17 | 10,000 ^b | 10,277 |
| Intelsat Bermuda, Sr. Unscd. Notes | 11.25 | 6/15/16 | 45,000 | 51,581 |
| Intelsat Subsidiary Holding, Sr. Notes | 8.25 | 1/15/13 | 30,000 ^c | 31,350 |
| Level 3 Financing, Sr. Notes | 9.25 | 11/1/14 | 20,000 ^b | 20,875 |
| Metropcs Wireless, Sr. Notes | 9.25 | 11/1/14 | 10,000 ^b | 10,725 |
| Nordic Telephone Holdings, Scd. Notes | EUR 8.25 | 5/1/16 | 50,000 ^{b,d} | 75,092 |
| PanAmSat, Gtd. Notes | 9.00 | 6/15/16 | 5,000 | 5,506 |
| Qwest Communications International, Gtd. Notes, Ser. B | 7.50 | 2/15/14 | 80,000 | 83,000 |
| Qwest, Sr. Notes | 7.88 | 9/1/11 | 35,000 | 37,450 |
| Qwest, Sr. Notes | 8.60 | 6/15/13 | 30,000 ^c | 32,963 |
| Rogers Wireless, Gtd. Notes | 7.25 | 12/15/12 | 50,000 | 54,125 |
| US Unwired, Gtd. Notes, Ser. B | 10.00 | 6/15/12 | 37,000 ^a | 40,364 |

| Bonds and Notes (continued) | Coupon Rate (%) | Maturity Date | Principal Amount (\$) | Value (\$) |
|--|--------------------|------------------|--------------------------|------------------|
| Telecommunications (continued) | | | | |
| Wind Acquisition Finance, Scd. Bonds | 10.75 | 12/1/15 | 10,000 ^b | 11,600 |
| Windstream, Gtd. Notes | 8.13 | 8/1/13 | 110,000 | 119,900 |
| Windstream, Gtd. Notes | 8.63 | 8/1/16 | 40,000 | 44,100 |
| | | | | 692,593 |
| Textiles & Apparel—1.5% | | | | |
| Invista, Notes | 9.25 | 5/1/12 | 65,000 ^b | 69,388 |
| Levi Strauss & Co., Sr. Notes | 12.25 | 12/15/12 | 31,000 | 34,022 |
| | | | | 103,410 |
| Total Bonds and Notes (cost \$6,005,718) | | | | 6,240,194 |
| Preferred Stocks—.4% | | | | |
| | | | Shares | Value (\$) |
| Media | | | | |
| ION Media Networks Conv. | | | 0 ^b | 531 |
| Spanish Broadcasting System, Ser. B, Cum. \$107.505 | | | 24 | 26,427 |
| Total Preferred Stocks (cost \$24,617) | | | | 26,958 |
| Common Stocks—.9% | | | | |
| Building And Construction—.5% | | | | |
| Owens Corning | | | 1,080 ^{a,g} | 33,102 |
| Cable & Media—.2% | | | | |
| Time Warner Cable, Cl. A | | | 386 ^g | 14,213 |
| Chemicals—.0% | | | | |
| Huntsman | | | 117 | 2,293 |
| Oil & Gas—.2% | | | | |
| Williams Cos. | | | 413 | 12,183 |
| Total Common Stocks (cost \$57,638) | | | | 61,791 |

| Other Investment—4.0% | | |
|---|----------------------|------------------|
| | Shares | Value (\$) |
| Registered Investment Company; | | |
| Dreyfus Institutional Preferred Plus Money Market Fund (cost \$273,000) | 273,000 ^h | 273,000 |
| Investment of Cash Collateral for Securities Loaned—10.3% | | |
| Registered Investment Company; | | |
| Dreyfus Institutional Cash Advantage Plus Fund (cost \$695,866) | 695,866 ^h | 695,866 |
| Total Investments (cost \$7,056,839) | 107.5% | 7,297,809 |
| Liabilities, Less Cash and Receivables | (7.5%) | (509,857) |
| Net Assets | 100.0% | 6,787,952 |

- ^a All or a portion of these securities are on loan. At April 30, 2007, the total market value of the fund's securities on loan is \$656,956 and the total market value of the collateral held by the fund is \$695,866.
- ^b Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At April 30, 2007, these securities amounted to \$1,132,484 or 16.7% of net assets.
- ^c Variable rate security—interest rate subject to periodic change.
- ^d Principal amount stated in U.S. Dollars unless otherwise noted.
EUR—Euro
- ^e Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.
- ^f Security linked to a portfolio of debt securities.
- ^g Non-income producing security.
- ^h Investment in affiliated money market mutual fund.

| Portfolio Summary (Unaudited)[†] | | | |
|--|-----------|------------------|--------------|
| | Value (%) | | Value (%) |
| Corporate Bonds | 86.2 | Common Stocks | .9 |
| Money Market Investments | 14.3 | Preferred Stocks | .4 |
| Structured Index | 3.9 | | |
| State/Government General Obligations | 1.8 | | 107.5 |

[†] Based on net assets.
See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

April 30, 2007 (Unaudited)

| | Cost | Value |
|--|-----------|------------------|
| Assets (\$): | | |
| Investments in securities—See Statement of Investments (including securities on loan, valued at \$656,956)—Note 1(c): | | |
| Unaffiliated issuers | 6,087,973 | 6,328,943 |
| Affiliated issuers | 968,866 | 968,866 |
| Cash | | 11,132 |
| Cash denominated in foreign currencies | 8,904 | 9,283 |
| Dividends and interest receivable | | 146,750 |
| Receivable for investment securities sold | | 55,839 |
| Receivable from broker for swap transactions—Note 4 | | 769 |
| | | 7,521,582 |
| Liabilities (\$): | | |
| Liability for securities on loan—Note 1(c) | | 695,866 |
| Payable for investment securities purchased | | 30,703 |
| Unrealized depreciation on forward currency exchange contracts—Note 4 | | 5,057 |
| Unrealized depreciation on swap contracts—Note 4 | | 2,004 |
| | | 733,630 |
| Net Assets (\$) | | 6,787,952 |
| Composition of Net Assets (\$): | | |
| Paid-in capital | | 6,520,389 |
| Accumulated undistributed investment income—net | | 26,971 |
| Accumulated net realized gain (loss) on investments | | 6,096 |
| Accumulated net unrealized appreciation (depreciation) on investments, foreign currency transactions and swap transactions | | 234,496 |
| Net Assets (\$) | | 6,787,952 |
| Shares Outstanding | | |
| (unlimited number of \$.001 par value shares of Beneficial Interest authorized) | | 510,379 |
| Net Asset Value, offering and redemption price per share (\$) | | 13.30 |

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended April 30, 2007 (Unaudited)

Investment Income (\$):

Income:

| | |
|--------------------------------|---------|
| Interest | 265,837 |
| Cash dividends: | |
| Unaffiliated issuers | 2,486 |
| Affiliated issuers | 9,303 |
| Income from securities lending | 534 |

| | |
|---------------------|----------------|
| Total Income | 278,160 |
|---------------------|----------------|

Expenses:

| | |
|-----------------------------------|----------|
| Management and Administration fee | 15,036 |
| Less—expenses assumed—Note 3(a) | (15,036) |

| | |
|---------------------|----------|
| Net Expenses | — |
|---------------------|----------|

| | |
|------------------------------|----------------|
| Investment Income—Net | 278,160 |
|------------------------------|----------------|

Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):

| | |
|---|---------|
| Net realized gain (loss) on investments and foreign currency transactions | 19,728 |
| Net realized gain (loss) on forward currency exchange contracts | (9,812) |
| Net realized gain (loss) on swap transactions | (2,029) |

| | |
|---------------------------------|--------------|
| Net Realized Gain (Loss) | 7,887 |
|---------------------------------|--------------|

| | |
|---|---------|
| Net unrealized appreciation (depreciation) on investments, foreign currency transactions and swap transactions | 118,858 |
|---|---------|

| | |
|---|----------------|
| Net Realized and Unrealized Gain (Loss) on Investments | 126,745 |
|---|----------------|

| | |
|---|----------------|
| Net Increase in Net Assets Resulting from Operations | 404,905 |
|---|----------------|

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

| | Six Months Ended April 30, 2007 (Unaudited) | Year Ended October 31, 2006 |
|--|---|--------------------------------|
| Operations (\$): | | |
| Investment income-net | 278,160 | 578,833 |
| Net realized gain (loss) on investments | 7,887 | 52,691 |
| Net unrealized appreciation (depreciation) on investments | 118,858 | 66,362 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 404,905 | 697,886 |
| Dividends to Shareholders from (\$): | | |
| Investment income-net | (299,847) | (597,691) |
| Net realized gain on investments | (25,803) | - |
| Total Dividends | (325,650) | (597,691) |
| Beneficial Interest Transactions (\$): | | |
| Dividends reinvested | 25,803 | 547,314 |
| Cost of shares redeemed | (1,400,000) | - |
| Increase (Decrease) in Net Assets from Beneficial Interest Transactions | (1,374,197) | 547,314 |
| Total Increase (Decrease) in Net Assets | (1,294,942) | 647,509 |
| Net Assets (\$): | | |
| Beginning of Period | 8,082,894 | 7,435,385 |
| End of Period | 6,787,952 | 8,082,894 |
| Undistributed investment income-net | 26,971 | 48,658 |
| Capital Share Transactions (Shares): | | |
| Shares issued for dividends reinvested | 1,971 | 42,200 |
| Shares redeemed | (105,949) | - |
| Net Increase (Decrease) in Shares Outstanding | (103,978) | 42,200 |

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements.

| | Six Months Ended April 30, 2007 (Unaudited) | Year Ended October 31, | | | | |
|---|---|------------------------|--------|--------|--------|-----------------------|
| | | 2006 | 2005 | 2004 | 2003 | 2002 ^a |
| Per Share Data (\$): | | | | | | |
| Net asset value, beginning of period | 13.16 | 13.00 | 13.83 | 14.02 | 11.60 | 12.50 |
| Investment Operations: | | | | | | |
| Investment income—net ^b | .49 | .97 | .98 | 1.12 | 1.33 | .49 |
| Net realized and unrealized gain (loss) on investments | .21 | .20 | (.50) | .43 | 2.49 | (1.08) |
| Total from Investment Operations | .70 | 1.17 | .48 | 1.55 | 3.82 | (.59) |
| Distributions: | | | | | | |
| Dividends from investment income—net | (.52) | (1.01) | (1.03) | (1.12) | (1.33) | (.31) |
| Dividends from net realized gain on investments | (.04) | — | (.28) | (.62) | (.07) | — |
| Total Distributions | (.56) | (1.01) | (1.31) | (1.74) | (1.40) | (.31) |
| Net asset value, end of period | 13.30 | 13.16 | 13.00 | 13.83 | 14.02 | 11.60 |
| Total Return (%)^c | 5.42 ^d | 9.38 | 3.61 | 11.97 | 34.71 | (4.73) ^{d,e} |
| Ratios/Supplemental Data (%): | | | | | | |
| Ratio of total expenses to average net assets | .40 ^f | .40 | .40 | .40 | .40 | .40 ^f |
| Ratio of net expenses to average net assets | .00 | .00 | .00 | .00 | .00 | .00 |
| Ratio of net investment income to average net assets | 7.40 ^f | 7.45 | 7.22 | 8.19 | 10.20 | 3.50 ^d |
| Portfolio Turnover Rate | 14.16 ^d | 29.04 | 55.16 | 126.87 | 337.85 | 198.61 ^d |
| Net Assets, end of period (\$ x 1,000) | 6,788 | 8,083 | 7,435 | 9,772 | 6,497 | 4,761 |

^a From June 6, 2002 (commencement of operations) to October 31, 2002.

^b Based on average shares outstanding at each month end.

^c Exclusive of wrap fee charges. In addition, all fund level expenses are borne by the Distributor.

^d Not annualized.

^e Calculated based on net asset value as of the close of business on June 10, 2002 (commencement of initial offering) to October 31, 2002.

^f Annualized.

See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus High Yield Shares (the “fund”) is a separate non-diversified series of Dreyfus Fixed Income Securities (the “Company”), which is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company and operates as a series company currently offering two series, including the fund. The fund’s investment objective is to provide investors with maximum total return consistent with the preservation of capital and prudent investment management. The Dreyfus Corporation (the “Manager” or “Dreyfus”) serves as the fund’s investment adviser. The Manager is a wholly-owned subsidiary of Mellon Financial Corporation (“Mellon Financial”). Dreyfus Service Corporation (the “Distributor”), a wholly-owned subsidiary of the Manager, is the distributor of the fund’s shares. Mellon Bank, N.A., an affiliate of the Manager, serves as custodian of the fund’s assets. Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, serves as transfer and dividend disbursing agent for the fund.

On May 24, 2007, the shareholders of Mellon Financial and The Bank of New York Company, Inc. approved the proposed merger of the two companies. The new company will be called The Bank of New York Mellon Corporation. As part of this transaction, Dreyfus would become a wholly-owned subsidiary of The Bank of New York Mellon Corporation. The transaction is subject to certain regulatory approvals, as well as other customary conditions to closing. Subject to such approvals and the satisfaction of the other conditions, Mellon Financial and The Bank of New York Company, Inc. expect the transaction to be completed in the third quarter of 2007.

As of April 30, 2007, MBC Investments Corp., an indirect subsidiary of Mellon Financial, held all of the outstanding shares of the fund.

The Company accounts separately for the assets, liabilities and operations of each series. Shares of each fund may be purchased only through “wrap fee” programs sponsored by investment advisors or broker/dealers (“financial representatives”). Typically, participants in these programs pay an all-inclusive “wrap” fee to their financial representa-

tive. Pursuant to an agreement between the Distributor and the fund, all expenses (including but not limited to management, shareholder servicing, transfer and dividend disbursing agency, custody, trustee and professional fees) incurred in the operations of the fund are the responsibility of the Distributor. The program sponsors have agreed to pay the Distributor for services it provides in connection with an investment in the fund.

The fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: Investments in securities excluding short-term investments (other than U.S. Treasury Bills), swaps and forward currency exchange contracts are valued each business day by an independent pricing service (the "Service") approved by the Board of Trustees. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are valued as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Restricted securities, as well as securities or other assets for which recent market quotations are not readily available, that are not valued by a pricing service approved by the Board of Trustees, or are deter-

mined by the fund not to reflect accurately fair value are valued at fair value as determined in good faith under the direction of the Board of Trustees. The factors that may be considered when fair valuing a security include fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold and public trading in similar securities of the issuer or comparable issuers. Short-term investments, excluding U.S. Treasury Bills, are carried at amortized cost, which approximates value. Registered open-end investment companies that are not traded on an exchange are valued at their net asset value. Investments in swap transactions are valued each business day by an independent pricing service approved by the Board of Trustees. Swaps are valued by the service by using a swap pricing model which incorporates among other factors, default probabilities, recovery rates, credit curves of the underlying issuer and swap spreads on interest rates. Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. Forward currency exchange contracts are valued at the forward rate.

The Financial Accounting Standards Board (FASB) released Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (“FAS 157”). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management does not believe that the application of this standard will have a material impact on the financial statements of the fund.

(b) Foreign currency transactions: The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, currency gains or losses realized on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities, resulting from changes in exchange rates. Such gains and losses are included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with Mellon Bank, N.A., an affiliate of the Manager, the fund may lend securities to qualified institutions. It is the fund's policy that at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Cash collateral is invested in certain money market mutual funds managed by the Manager. The fund is entitled to receive all income on securities loaned, in addition to income earned as a result of the lending transaction. Although each security loaned is fully collateralized, the fund bears the risk of delay in recovery of, or loss of rights in, the securities loaned should a borrower fail to return the securities in a timely manner

(d) Affiliated issuers: Investments in other investment companies advised by the Manager are defined as "affiliated" in the Act.

(e) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared

and paid monthly. Dividends from net realized capital gain, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the “Code”). To the extent that net realized capital gain can be offset by capital loss carryovers, if any, it is the policy of the fund not to distribute such gain. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles.

On April 30, 2007, the Board of Trustees declared a cash dividend of \$.083 per share from undistributed investment income-net, payable on May 1, 2007 (ex-dividend date), to shareholders of record as of the close of business on April 30, 2007.

(f) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

The FASB released FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes” (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Management does not believe that the application of this standard will have a material impact on the financial statements of the fund.

The tax character of distributions paid to shareholders during the fiscal year ended October 31, 2006 were as follows: ordinary income \$597,691. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund may borrow up to \$1.5 million for leveraging purposes under a short-term unsecured line of credit and participates with other Dreyfus-managed funds in a \$100 million unsecured line of credit primarily to be utilized for temporary or emergency purposes, including the financing of redemptions. Interest is charged to the fund based on prevailing market rates in effect at the time of borrowing. During the period ended April 30, 2007, the fund did not borrow under either line of credit.

NOTE 3—Management Fee, Administration Fee and Other Transactions With Affiliates:

(a) The Board of Trustees approved a Management Agreement with the Manager under which the Manager serves as investment manager of the fund and an Administration Agreement with the Distributor under which the Distributor serves as administrator. No fees are charged to the fund pursuant to these agreements as the Distributor has assumed responsibility for all operating expenses of the fund. However, for financial reporting purposes only, the fund's Statement of Operations will reflect an imputed unitary fee for services provided to the fund, currently at a maximum annual rate of .40% of the value of the fund's average daily net assets.

(b) Pursuant to an exemptive order from the SEC, the fund may invest its available cash balances in affiliated money market mutual funds. Management fees of the underlying money market mutual funds have been waived by the Manager.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales (including paydowns) of investment securities, excluding short-term securities, forward currency

exchange contracts and swap transactions, during the period ended April 30, 2007, amounted to \$1,001,993 and \$2,326,039, respectively.

The fund enters into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings and to settle foreign currency transactions. When executing forward currency exchange contracts, the fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward currency exchange contracts, the fund would incur a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward currency exchange contracts, the fund would incur a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. The fund is also exposed to credit risk associated with counterparty nonperformance on these forward currency exchange contracts which is typically limited to the unrealized gain on each open contract. The following summarizes open forward currency exchange contracts at April 30, 2007:

| Forward Currency Exchange Contracts | Foreign Currency Amounts | Proceeds (\$) | Value (\$) | Unrealized (Depreciation) (\$) |
|--|--------------------------------|---------------|------------|-----------------------------------|
| Sales: | | | | |
| Euro, expiring 6/20/2007 | 170,000 | 227,469 | 232,526 | (5,057) |

The fund may enter into swap agreements to exchange the interest rate on, or return generated by, one nominal instrument for the return generated by another nominal instrument.

The fund accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation (depreciation) on swap contracts in the Statement of Assets and Liabilities. Once the interim payments are settled in cash, the net amount is recorded as realized gain (loss) on swaps, in addition to real-

ized gain (loss) recorded upon the termination of swap contracts in the Statement of Operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation (depreciation) on investments.

Credit default swaps involve commitments to pay a fixed interest rate in exchange for payment if a credit event affecting a third party (the referenced company) occurs. Credit events may include a failure to pay interest or principal, bankruptcy, or restructuring. For those credit default swaps in which the fund is receiving a fixed rate, the fund is providing credit protection on the underlying instrument. The maximum payouts for these contracts are limited to the notional amount of each swap. The following summarizes open credit default swaps entered into by the fund at April 30, 2007:

| Notional Amount (\$) | Reference Entity | Counterparty | Receive/(Pay) Fixed Rate (%) | Expiration | Unrealized (Depreciation) (\$) |
|-------------------------|--------------------------|-------------------|---------------------------------|------------|-----------------------------------|
| 73,171 | Dow Jones CDX.NA.IG.4 | Morgan Stanley | (.35) | 6/20/2010 | (1,310) |
| 72,000 | Dow Jones CDX.NA.IG.4 | Merrill Lynch | (.31) | 6/20/2010 | (694) |
| Total | | | | | (2,004) |

Risks may arise upon entering into these agreements from the potential inability of the counterparties to meet the terms of the agreement and are generally limited to the amount of net payments to be received, if any, at the date of default.

At April 30, 2007, accumulated net unrealized appreciation on investments was \$240,970, consisting of \$253,960 gross unrealized appreciation and \$12,990 gross unrealized depreciation.

At April 30, 2007, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

For More Information

Dreyfus**High Yield Shares**

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New York, NY 10166

Manager

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200 Park Avenue
New York, NY 10166

Custodian

Mellon Bank, N.A.
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Transfer Agent &**Dividend Disbursing Agent**

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

Dreyfus Service Corporation
200 Park Avenue
New York, NY 10166

Telephone Call your Dreyfus Service Corporation representative or 1-877-460-5620

Mail Dreyfus Separate Accounts, Dreyfus Service Corporation
200 Park Avenue, 10th Floor, New York, NY 10166

E-mail Send your request to info@dreyfus.com

Internet Information can be viewed online or downloaded at: <http://www.dreyfus.com>

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-202-551-8090.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the 12-month period ended June 30, 2006, is available at <http://www.dreyfus.com> and on the SEC's website at <http://www.sec.gov>. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-645-6561.

