

BLACKROCK DEBT STRATEGIES FUND, INC.

Form N-CSRS

November 03, 2014

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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 811-08603

Name of Fund: BlackRock Debt Strategies Fund, Inc. (DSU)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Debt Strategies

Fund, Inc., 55 East 52nd Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 02/28/2015

Date of reporting period: 08/31/2014

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Item 1 Report to Stockholders

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AUGUST 31, 2014

SEMI-ANNUAL REPORT (UNAUDITED)

BlackRock Debt Strategies Fund, Inc. (DSU)

Not FDIC Insured May Lose Value No Bank Guarantee

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Shareholder Letter

Dear Shareholder,

The latter part of 2013 was a strong period for most risk assets such as equities and high yield bonds, despite the mixed tone of economic and financial news and uncertainty as to when and by how much the U.S. Federal Reserve would begin to gradually reduce (or taper) its asset purchase programs. Stock markets rallied in September when the Fed defied investors' expectations with its decision to delay tapering. The momentum was disrupted temporarily, however, when the U.S. debt ceiling debate led to a partial government shutdown, roiling financial markets globally until a compromise was struck in mid-October. The remainder of 2013 was generally positive for developed market stocks, while fixed income and emerging market investments struggled as Fed tapering became increasingly imminent. When the central bank ultimately announced its tapering plans in mid-December, equity investors reacted positively, as this action signaled the Fed's perception of real improvement in the economy.

Most asset classes moved higher in 2014 despite the pull back in Fed stimulus. The year got off to a rocky start, however, as a number of developing economies showed signs of stress while facing the onset of diminishing global liquidity. These risks, combined with disappointing U.S. economic data, caused equities to decline in January while bond markets found renewed strength from investors seeking relatively safer assets. Although these headwinds persisted, equities were back on the rise in February as investors were relieved by a one-year extension of the U.S. debt ceiling and market-friendly comments from the Fed's new Chairwoman, Janet Yellen. While it was clear that U.S. economic data had softened, investors were assuaged by increasing evidence that the trend was temporary and weather-related, and continued to take on risk with the expectation that growth would pick up later in the year.

In the months that followed, interest rates trended lower and bond prices climbed higher in the modest growth environment. Financial markets exhibited a remarkably low level of volatility despite rising geopolitical risks and mixed global economic news. Tensions in Russia and Ukraine and signs of decelerating growth in China caused some turbulence, but markets were resilient as investors focused on signs of improvement in the U.S. recovery, stronger corporate earnings and increased merger-and-acquisition activity. Importantly, investors were comforted by reassurance from the Fed that no changes to short-term interest rates were on the horizon.

In the ongoing low-rate environment, investors looked to equities as a source of yield, pushing major indices to record levels. As stock prices continued to move higher, investors soon became wary of stretched valuations and a new theme emerged. Stocks that had experienced significant price appreciation in 2013, particularly growth and momentum names, broadly declined as investors fled to stocks with cheaper valuations. This rotation resulted in the strongest performers of 2013 struggling most in 2014, and vice versa. Especially hard hit were U.S. small cap and European stocks, where earnings growth had not kept pace with recent market gains. In contrast, emerging market stocks benefited from the trend after having suffered heavy selling pressure earlier in the year.

However, asset prices tend to be more vulnerable to bad news when investors believe valuations are high. Consequently, markets came under pressure in July as geopolitical turmoil intensified in Gaza, Iraq and Ukraine and financial troubles boiled over in Argentina and Portugal. Investors regained confidence in August and, although volatility ticked up, markets rebounded as low rates and an improving U.S. economy trumped full valuations and lingering geopolitical risks. Concurrently, a slowdown in Europe's recovery fueled hopes for further monetary accommodation from the European Central Bank, driving global equities higher. Additionally, lower yields on European sovereign bonds made U.S. Treasuries more appealing by comparison, contributing to the persistence of low rates in the United States.

Despite a host of challenges, most asset classes generated solid returns for the six- and 12-month periods ended August 31, 2014, with equities generally outperforming fixed income. Emerging market equities delivered impressive gains. Developed markets also performed well, although the expensive U.S. small cap stocks lagged in 2014. Most fixed income assets produced positive results even as the Fed reduced its open-market purchases. Tax-exempt municipal bonds benefited from a favorable supply-and-demand environment. Short-term interest rates remained near zero, keeping yields on money market securities close to historic lows.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's world.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

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Asset prices pushed higher over the period despite modest global growth, geopolitical risks and a shift toward tighter U.S. monetary policy.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of August 31, 2014

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	8.84%	25.25%
U.S. small cap equities (Russell 2000® Index)	(0.06)	17.68
International equities (MSCI Europe, Australasia, Far East Index)	1.24	16.44
Emerging market equities (MSCI Emerging Markets Index)	14.52	19.98
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.02	0.05
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	4.35	7.07
U.S. investment-grade bonds (Barclays U.S. Aggregate Bond Index)	2.74	5.66
Tax-exempt municipal bonds (S&P Municipal Bond Index)	4.21	10.55
U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	2.89	10.57

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of August 31, 2014

Fund Overview

BlackRock Debt Strategies Fund, Inc.'s (DSU) (the Fund) primary investment objective is to provide current income by investing primarily in a diversified portfolio of U.S. companies' debt instruments, including corporate loans, which are rated in the lower rating categories of the established rating services (BBB or lower by S&P's or Baa or lower by Moody's) or unrated debt instruments, which are in the judgment of the investment adviser of equivalent quality. The Fund's secondary objective is to provide capital appreciation. Corporate loans include senior and subordinated corporate loans, both secured and unsecured. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objectives will be achieved.

Portfolio Management Commentary

How did the Fund perform?

For the six-month period ended August 31, 2014, the Fund returned 1.97% based on market price and 3.28% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 3.47% based on market price and 3.75% based on NAV. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Both the high yield bond and loan sectors exhibited favorable performance during the period. The Fund benefited from individual credit selection within both its high yield bond and loan allocations. The largest individual contributors were Caesars Entertainment Resorts Properties (gaming), First Data Corp. (software), La Quinta Intermediate Holdings (lodging), HD Supply, Inc. (construction materials), Amaya Holdings BV (communications equipment) and Texas Competitive Electric Holdings Co. LLC (electric equipment).

The Fund invests roughly half of its assets in high yield bonds and half in floating rate loan interests (bank loans), while most funds in the Lipper category invest primarily in high yield bonds. While the Fund's allocation to bank loans did not detract from performance on an absolute basis, bank loans underperformed high yield bonds for the period.

Describe recent portfolio activity.

After five years of a favorable high yield market, pricing differentials between sectors have compressed. In this environment, the Fund's investment decisions were focused on bottom-up security selection over top-down sector allocation. We continued to maintain a positive view on high yield and bank loan assets overall, but remained focused on purchasing income-oriented credit names with stable fundamentals and an attractive coupon rate as upside potential for price appreciation was limited. We selectively added risk in companies with positive growth catalysts or idiosyncratic characteristics. The Fund actively participated in the new-issue market, where the more appealing investment opportunities have been emerging. As we expect modest growth and improving economic conditions, the Fund modestly increased exposure to CCC-rated bonds and loans.

Describe portfolio positioning at period end.

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At period end the Fund held 53% of its total portfolio in floating rate loan interests and 43% in corporate bonds, with the remainder invested in asset-backed securities, common stocks and other interests.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

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Symbol on New York Stock Exchange (NYSE)	DSU
Initial Offering Date	March 27, 1998
Current Distribution Rate on Closing Market Price as of August 31, 2014 (\$4.01) ¹	7.48%
Current Monthly Distribution per Common Share ²	\$0.025
Current Annualized Distribution per Common Share ²	\$0.300
Economic Leverage as of August 31, 2014 ³	29%

¹ Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. Past performance does not guarantee future results.

² The monthly distribution per common share, declared on October 1, 2014, was decreased to \$0.024 per share. The current distribution rate on closing market price, current monthly distribution per common share and current annualized distribution per common share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future. A portion of the distribution may be deemed a return of capital or net realized gain.

³ Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 7.

Market Price and Net Asset Value Per Share Summary

	8/31/14	2/28/14	Change	High	Low
Market Price	\$4.01	\$4.08	(1.72)%	\$4.19	\$3.88
Net Asset Value	\$4.42	\$4.44	(0.45)%	\$4.47	\$4.37

Market Price and Net Asset Value History For the Past Five Years

BLACKROCK DEBT STRATEGIES FUND, INC.

AUGUST 31, 2014

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Overview of the Fund's Long-Term Investments

Portfolio Composition	8/31/14	2/28/14
Floating Rate Loan Interests	54%	53%
Corporate Bonds	43	44
Asset-Backed Securities	2	1
Common Stocks	1	1
Other Interests		1

Credit Quality Allocation⁴	8/31/14	2/28/14⁵
BBB/Baa	4%	5%
BB/Ba	40	39
B	44	45
CCC/Caa	7	6
N/R	5	5

⁴ For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's or Moody's Investors Service. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

⁵ Information has been revised to conform to current year presentation.

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The Benefits and Risks of Leveraging

The Fund may utilize leverage to seek to enhance the yield and net asset value (NAV) of their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which will be based on short-term interest rates, will normally be lower than the income earned by a Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's shareholders will benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Fund's financing costs of leverage are significantly lower than the income earned on the Fund's longer-term investments acquired from leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Fund's return on assets purchased with leverage proceeds, income to shareholders will be lower than if the Fund had not used leverage. Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Fund's obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that a Fund's intended leveraging strategy will be successful.

Leverage also will generally cause greater changes in the Fund's NAVs, market prices and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the net asset value and market price of the Fund's Common Shares than if the Fund were not leveraged. In addition, the Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Fund to incur losses. The use of leverage may limit the Fund's ability to invest in certain types of securities or use certain types of hedging strategies. The Fund will incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares.

The Fund may utilize leverage through a credit facility as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, (the 1940 Act), the Fund is permitted to issue debt up to 33% of its total managed assets. A Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, the Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

Derivative Financial Instruments

The Fund may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps, as specified in Note 4 of the Notes to Consolidated Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate and/or foreign currency exchange rate risks. Derivative financial instruments involve risks, including the

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imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Fund's ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation the Fund can realize on an investment, may result in lower dividends paid to shareholders and/or may cause the Fund to hold an investment that it might otherwise sell. The Fund's investments in these instruments are discussed in detail in the Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

AUGUST 31, 2014

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(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
Chemicals 0.1%		
GEO Specialty Chemicals, Inc. (a)	481,806	\$ 467,352
LyondellBasell Industries NV, Class A	26	2,973
		470,325
Diversified Consumer Services 0.2%		
Cengage Thomson Learning (a)	49,549	1,569,068
Diversified Financial Services 0.6%		
Kcad Holdings I Ltd. (a)	756,012,055	5,163,562
Diversified Telecommunication Services 0.0%		
Broadview Networks Holdings, Inc. (a)	5,037	10,326
Electrical Equipment 0.0%		
Medis Technologies Ltd. (a)	286,757	3
Health Care Providers & Services 0.0%		
HealthSouth Corp.	1,101	43,368
Media 0.0%		
Adelphia Recovery Trust (a)	396,568	833
Adept Communications Corp., Class A (a)	400,000	3,500
		4,333
Paper & Forest Products 0.5%		
Ainsworth Lumber Co. Ltd. (a)	803,254	2,014,950
Ainsworth Lumber Co. Ltd. (a)(b)	695,930	1,734,544
		3,749,494
Semiconductors & Semiconductor Equipment 0.0%		
SunPower Corp. (a)	1,707	65,241
Software 0.3%		
HMH Holdings/EduMedia (a)	147,998	2,841,562
Total Common Stocks 1.7%		13,917,282

Par

Asset-Backed Securities (b)(c)		(000)	
ACAS CLO Ltd., Series 2013-1A, Class D, 3.83%, 4/20/25	USD	750	721,875
Adams Mill CLO Ltd., Series 2014-1A, Class D1, 3.70%, 7/15/26		450	428,310
ALM Loan Funding, Series 2013-7RA:			
Class C, 3.68%, 4/24/24		1,310	1,252,205
Class D, 5.23%, 4/24/24		1,150	1,068,518
ALM XIV Ltd., Series 2014-14A:			
Class B, 3.18%, 7/28/26		563	553,845
Class C, 3.68%, 7/28/26		713	676,305
Atlas Senior Loan Fund Ltd., 3.94%, 10/15/26 (d)		1,240	1,176,512
Atrium CDO Corp., Series 9A, Class D, 3.74%, 2/28/24		1,300	1,242,709
Benefit Street Partners CLO II Ltd., Series 2013-IIA, Class C, 3.73%, 7/15/24		900	847,280

Par

Asset-Backed Securities (b)(c)		(000)	Value
Carlyle Global Market Strategies CLO Ltd.:			
Series 2012-4A, Class D, 4.73%, 1/20/25	USD	900	\$ 902,998
Series 2013-1A, Class C, 4.23%, 2/14/25		250	245,188
CFIP CLO Ltd., Series 2013-1A, Class D, 3.98%, 4/20/24		1,500	1,417,614
CIFC Funding Ltd., Series 2014-3A, Class D, 3.55%, 7/22/26		250	233,817
Fraser Sullivan CLO VII Ltd., Series 2012-7A, Class C, 4.23%, 4/20/23		1,170	1,160,948
Galaxy CLO Ltd., Series 2014-18A, Class C1, 3.23%, 10/15/26		625	612,500
Madison Park Funding XI Ltd., Series 2013-11A, Class D, 3.73%, 10/23/25		555	529,380
Octagon Investment Partners XX Ltd., Series 2014-1A, Class D, 3.89%, 8/12/26		350	335,965

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OZLM Funding Ltd., Series 2012-2A, Class C, 4.59%, 10/30/23	500	501,371
OZLM VII Ltd., Series 2014-7A, Class C, 3.86%, 7/17/26	500	470,215
Regatta Funding LP, Series 2013-2A, Class C, 4.23%, 1/15/25	750	729,750
Symphony CLO Ltd., Series 2012-10A, Class D, 5.48%, 7/23/23	650	650,897
Total Asset-Backed Securities 1.9%		15,758,202

Corporate Bonds

Aerospace & Defense 0.7%

DigitalGlobe, Inc., 5.25%, 2/01/21 (b)	1,017	1,006,830
Huntington Ingalls Industries, Inc., 7.13%, 3/15/21	1,150	1,250,625
Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (b)	347	378,230
Transdigm, Inc. (b):		
6.00%, 7/15/22	2,205	2,243,587
6.50%, 7/15/24	1,030	1,055,750

5,935,022

Airlines 1.3%

Air Canada Pass-Through Trust, Series 2013-1, Class C, 6.63%, 5/15/18 (b)	712	740,872
American Airlines Pass-Through Trust, Series 2013-2, Class C, 6.00%, 1/15/17 (b)	3,195	3,306,825
Continental Airlines Pass-Through Trust, Series 2012-3, Class C, 6.13%, 4/29/18	2,390	2,533,400
Delta Air Lines Pass-Through Trust, Series 2009-1, Class B, 9.75%, 6/17/18	256	289,532
US Airways Pass-Through Trust:		
Series 2011-1, Class C, 10.88%, 10/22/14	95	96,010
Series 2013-1, Class B, 5.38%, 5/15/23	2,325	2,400,562
Virgin Australia Trust, Series 2013-1, Class C, 7.13%, 10/23/18 (b)	1,229	1,284,286

10,651,487

Portfolio Abbreviations

CAD Canadian Dollar	EUR Euro	PIK Payment-In-Kind
CLO Collateralized Loan Obligation	GBP British Pound	USD U.S. Dollar
DIP Debtor-In-Possession	OTC Over-the-Counter	

See Notes to Consolidated Financial Statements.

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Consolidated Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

		Par	
		(000)	Value
Corporate Bonds			
Auto Components 1.5%			
Affinia Group, Inc., 7.75%, 5/01/21	USD	1,200	\$ 1,236,000
Autodis SA, 6.50%, 2/01/19	EUR	100	137,394
Brighthouse Group PLC, 7.88%, 5/15/18	GBP	100	174,731
Dana Holding Corp., 6.75%, 2/15/21	USD	180	192,150
Delphi Corp., 6.13%, 5/15/21		380	419,900
Icahn Enterprises LP/Icahn Enterprises Finance Corp.:			
3.50%, 3/15/17		145	145,906
4.88%, 3/15/19		4,609	4,735,747
Jaguar Land Rover Automotive PLC:			
8.25%, 3/15/20	GBP	569	1,048,535
5.63%, 2/01/23 (b)	USD	425	448,375
Pittsburgh Glass Works LLC, 8.00%, 11/15/18 (b)		216	230,580
Rhino Bondco SpA, 7.25%, 11/15/20	EUR	100	139,673
Schaeffler Holding Finance BV:			
2.75%, 5/15/19		495	652,130
6.88%, (6.88% Cash or 7.63% PIK), 8/15/18 (b)(e)	USD	1,195	1,259,231
6.88% (6.88% Cash), 8/15/18 (e)	EUR	385	533,188
Titan International, Inc., 6.88%, 10/01/20	USD	610	613,050
Venture Holdings Co. LLC (a)(f):			
12.00%, 7/01/49		5,150	1
Series B, 9.50%, 7/01/05		5,125	1
			11,966,592
Auto Parts 0.0%			
PetroLogistics LP/PetroLogistics Finance Corp., 6.25%, 4/01/20		280	308,700
Automobiles 0.7%			
Chrysler Group LLC/CG Co-Issuer, Inc.:			
8.00%, 6/15/19		1,341	1,442,447
8.25%, 6/15/21		1,440	1,609,200
Ford Motor Co., 4.25%, 11/15/16 (g)		478	967,353
General Motors Co.:			
4.88%, 10/02/23		495	529,650
6.25%, 10/02/43		1,345	1,577,012
			6,125,662
Banks 0.8%			
Banco Espirito Santo SA:			
2.63%, 5/08/17	EUR	100	123,534
4.75%, 1/15/18		200	263,682
4.00%, 1/21/19		100	129,255
CIT Group, Inc.:			
5.00%, 5/15/17	USD	950	1,003,438
5.25%, 3/15/18		1,434	1,530,795
6.63%, 4/01/18 (b)		295	328,925
5.50%, 2/15/19 (b)		3,099	3,343,046
Lloyds Bank PLC, 11.88%, 12/16/21 (c)	EUR	12	19,385
			6,742,060
Beverages 0.0%			
Constellation Brands, Inc., 7.25%, 5/15/17	USD	87	97,762
Building Products 0.9%			
American Builders & Contractors Supply Co., Inc., 5.63%, 4/15/21 (b)		210	213,675
BMBG Bond Finance SCA, 5.20%, 10/15/20 (c)	EUR	245	326,296
Builders FirstSource, Inc., 7.63%, 6/01/21 (b)	USD	639	667,755
	Par	Value	

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		(000)	
Building Products (concluded)			
Building Materials Corp. of America, 6.75%, 5/01/21 (b)	USD	920	\$ 986,700
Cemex Finance LLC, 6.00%, 4/01/24 (b)		1,290	1,341,600
Cemex SAB de CV, 5.88%, 3/25/19 (b)		260	272,350
CPG Merger Sub LLC, 8.00%, 10/01/21 (b)		740	777,000
Ply Gem Industries, Inc., 6.50%, 2/01/22 (b)		1,755	1,737,450
USG Corp., 9.75%, 1/15/18		980	1,153,950
			7,476,776
Capital Markets 0.5%			
American Capital Ltd., 6.50%, 9/15/18 (b)		1,070	1,123,500
Blackstone CQP Holdco LP, 2.32%, 3/18/19		1,180	1,204,064
E*Trade Financial Corp. (g)(h):			
0.00%, 8/31/19 (b)		593	1,280,509
Series A, 0.00%, 8/31/19		100	215,938
			3,824,011
Chemicals 2.4%			
Ashland, Inc., 3.88%, 4/15/18		730	747,337
Axalta Coating Systems US Holdings, Inc./Axalta Coating Systems Dutch Holding BV:			
5.75%, 2/01/21	EUR	100	139,279
7.38%, 5/01/21 (b)	USD	151	164,590
Axiall Corp., 4.88%, 5/15/23		39	39,049
Celanese US Holdings LLC, 5.88%, 6/15/21		324	355,590
Chemtura Corp., 5.75%, 7/15/21		221	229,840
GEO Specialty Chemicals, Inc., 7.50%, 3/31/15 (b)		6,039	15,219,313
Huntsman International LLC:			
4.88%, 11/15/20		40	40,800
8.63%, 3/15/21		1,195	1,311,512
5.13%, 4/15/21	EUR	428	590,208
INEOS Group Holdings SA:			
6.13%, 8/15/18 (b)	USD	740	764,050
6.50%, 8/15/18	EUR	124	169,685
5.75%, 2/15/19		151	204,359
LSB Industries, Inc., 7.75%, 8/01/19	USD	331	361,617
Nexeo Solutions LLC/Nexeo Solutions Finance Corp., 8.38%, 3/01/18		30	30,150
PolyOne Corp., 7.38%, 9/15/20		80	86,200
Rockwood Specialties Group, Inc., 4.63%, 10/15/20		610	634,400
			21,087,979
Commercial Services & Supplies 1.9%			
ADS Waste Holdings, Inc., 8.25%, 10/01/20		267	284,355
The ADT Corp., 3.50%, 7/15/22		75	66,938
ARAMARK Corp., 5.75%, 3/15/20		1,599	1,674,952
Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 2.98%, 12/01/17 (c)		190	189,050
Bilbao Luxembourg SA, 10.50% (10.50% Cash or 11.25% PIK), 12/01/18 (e)	EUR	100	142,202
Brand Energy & Infrastructure Services, Inc., 8.50%, 12/01/21 (b)	USD	498	517,920
Covanta Holding Corp., 6.38%, 10/01/22		1,305	1,399,613
Mobile Mini, Inc., 7.88%, 12/01/20		1,110	1,198,800
Modular Space Corp., 10.25%, 1/31/19 (b)		1,955	2,028,312
United Rentals North America, Inc.:			
5.75%, 7/15/18		1,389	1,461,923
7.38%, 5/15/20		760	828,400

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Consolidated Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

		Par	
		(000)	Value
Corporate Bonds			
Commercial Services & Supplies (concluded)			
United Rentals North America, Inc. (concluded):			
8.25%, 2/01/21	USD	165	\$ 181,500
7.63%, 4/15/22		4,903	5,503,617
			15,477,582
Communications Equipment 1.0%			
Alcatel-Lucent USA, Inc. (b):			
4.63%, 7/01/17		645	654,675
6.75%, 11/15/20		1,920	2,030,400
Avaya, Inc., 7.00%, 4/01/19 (b)		719	715,405
Brocade Communications Systems, Inc., 6.88%, 1/15/20		175	183,641
CommScope, Inc. (b):			
5.00%, 6/15/21		265	268,975
5.50%, 6/15/24		272	276,760
Zayo Group LLC/Zayo Capital, Inc.:			
8.13%, 1/01/20		2,688	2,899,680
10.13%, 7/01/20		1,206	1,371,825
			8,401,361
Construction & Engineering 0.3%			
BlueLine Rental Finance Corp., 7.00%, 2/01/19 (b)			
		205	216,788
Novafives SAS:			
4.21%, 6/30/20 (c)	EUR	115	151,784
4.50%, 6/30/21		100	133,300
Safway Group Holding LLC/Safway Finance Corp., 7.00%, 5/15/18 (b)	USD	1,925	2,026,062
Weekley Homes LLC/Weekley Finance Corp., 6.00%, 2/01/23		350	346,500
			2,874,434
Construction Materials 1.4%			
Allegion US Holding Co., Inc., 5.75%, 10/01/21			
		117	122,557
HD Supply, Inc.:			
8.13%, 4/15/19		6,505	7,090,450
11.00%, 4/15/20		786	909,795
7.50%, 7/15/20		3,069	3,299,175
Kerneos Tech Group SAS:			
5.06%, 3/01/21 (c)	EUR	100	132,984
5.75%, 3/01/21		104	142,117
Officine MaccaFerri SpA, 5.75%, 6/01/21		180	240,177
			11,937,255
Consumer Finance 0.1%			
IVS F. SpA, 7.13%, 4/01/20			
		275	386,659
Springleaf Finance Corp.:			
7.75%, 10/01/21	USD	37	41,995
8.25%, 10/01/23		68	78,710
			507,364
Containers & Packaging 0.5%			
Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc.:			
6.00%, 6/30/21 (b)		465	460,350
4.25%, 1/15/22	EUR	370	480,084
Ball Corp., 6.75%, 9/15/20	USD	635	668,338
Beverage Packaging Holdings Luxembourg II SA, 6.00%, 6/15/17 (b)		727	737,905
Crown Americas LLC/Crown Americas Capital Corp. III, 6.25%, 2/01/21		715	763,263
			Par Value

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(000)			
Containers & Packaging (concluded)			
Crown European Holdings SA, 4.00%, 7/15/22	EUR	320	\$ 435,390
Graphic Packaging International, Inc., 7.88%, 10/01/18	USD	135	140,738
Sealed Air Corp. (b):			
6.50%, 12/01/20		120	132,000
8.38%, 9/15/21		60	67,500
SGD Group SAS, 5.63%, 5/15/19	EUR	100	133,384
Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (b)	USD	200	207,500
			4,226,452
Distributors 0.1%			
VWR Funding, Inc., 7.25%, 9/15/17		938	989,590
Diversified Consumer Services 0.2%			
APX Group, Inc.:			
6.38%, 12/01/19		121	122,815
8.75%, 12/01/20		254	252,730
Garda World Security Corp., 7.25%, 11/15/21 (b)		199	203,726
Laureate Education, Inc., 9.25%, 9/01/19 (b)		715	732,875
Service Corp. International, 4.50%, 11/15/20		307	305,849
			1,617,995
Diversified Financial Services 3.8%			
Aircastle Ltd., 6.25%, 12/01/19		571	618,108
Ally Financial, Inc.:			
8.30%, 2/12/15		4,150	4,274,500
6.25%, 12/01/17		30	33,038
8.00%, 3/15/20		60	72,900
7.50%, 9/15/20		2,540	3,038,475
8.00%, 11/01/31		5,588	7,226,242
Bank of America Corp.:			
4.50%, 4/01/15		375	383,572
6.05%, 5/16/16		325	351,433
6.50%, 8/01/16		410	450,655
5.63%, 10/14/16		100	109,061
CE Energy AS, 7.00%, 2/01/21	EUR	175	238,851
Co-Operative Group Holdings, 6.88%, 7/08/20 (i)	GBP	130	230,387
General Motors Financial Co., Inc., 4.25%, 5/15/23	USD	101	103,146
Jefferies Finance LLC/JFIN Co-Issuer Corp. (b):			
7.38%, 4/01/20		825	862,125
6.88%, 4/15/22		716	717,790
Reynolds Group Issuer, Inc.:			
7.13%, 4/15/19		3,290	3,417,488
9.00%, 4/15/19		969	1,017,450
7.88%, 8/15/19		180	194,850
9.88%, 8/15/19		1,032	1,144,230
5.75%, 10/15/20		6,198	6,476,910
6.88%, 2/15/21		266	284,953
8.25%, 2/15/21		169	184,421
			31,430,585
Diversified Telecommunication Services 2.0%			
CenturyLink, Inc.:			
6.45%, 6/15/21		240	262,800
Series V, 5.63%, 4/01/20		1,153	1,219,297
Level 3 Communications, Inc., 8.88%, 6/01/19		670	723,600
Level 3 Financing, Inc.:			
3.82%, 1/15/18 (b)(c)		646	649,230

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(Percentages shown are based on Net Assets)

		Par	
		(000)	Value
Corporate Bonds			
Diversified Telecommunication Services (concluded)			
Level 3 Financing, Inc. (concluded):			
8.13%, 7/01/19	USD	6,980	\$ 7,555,850
7.00%, 6/01/20		524	564,610
8.63%, 7/15/20		188	208,210
6.13%, 1/15/21 (b)		1,217	1,283,935
Telecom Italia SpA:			
6.13%, 11/15/16 (g)	EUR	500	781,472
6.38%, 6/24/19	GBP	200	360,677
4.88%, 9/25/20	EUR	235	338,819
4.50%, 1/25/21		330	467,281
5.88%, 5/19/23	GBP	300	523,872
Telefonica SA, Series TIT, 6.00%, 7/24/17 (g)	EUR	200	268,650
Telenet Finance V Luxembourg SCA:			
6.25%, 8/15/22		319	454,778
6.75%, 8/15/24		322	473,224
Windstream Corp.:			
7.88%, 11/01/17	USD	142	161,525
7.75%, 10/15/20		37	39,868
6.38%, 8/01/23		10	10,025
			16,347,723
Electric Utilities 0.3%			
ContourGlobal Power Holdings SA, 7.13%, 6/01/19 (b)		897	903,727
Homer City Generation LP:			
8.14%, 10/01/19		250	267,500
8.73%, 10/01/26		488	517,280
Mirant Mid Atlantic Pass-Through Trust, Series B, 9.13%, 6/30/17		431	464,026
			2,152,533
Energy Equipment & Services 1.3%			
Calfrac Holdings LP, 7.50%, 12/01/20 (b)		2,281	2,423,562
CGG SA, 7.75%, 5/15/17		19	19,238
Genesis Energy LP/Genesis Energy Finance Corp., 5.75%, 2/15/21		18	18,585
GrafTech International Ltd., 6.38%, 11/15/20		150	155,250
MEG Energy Corp. (b):			
6.50%, 3/15/21		2,727	2,876,985
7.00%, 3/31/24		623	677,512
Peabody Energy Corp.:			
6.00%, 11/15/18		1,821	1,875,630
6.25%, 11/15/21		1,072	1,067,980
Precision Drilling Corp.:			
6.63%, 11/15/20		190	201,400
5.25%, 11/15/24 (b)		641	641,000
Rain CII Carbon LLC/CII Carbon Corp., 8.25%, 1/15/21 (b)		577	605,850
			10,562,992
Food & Staples Retailing 0.1%			
Labeyrie Fine Foods SAS, 5.63%, 3/15/21	EUR	105	143,483
Premier Foods Finance PLC, 5.56%, 3/15/20 (c)	GBP	145	234,704
R&R Ice Cream PLC, 9.25%, (9.25% Cash or 10.00% PIK), 5/15/18 (e)			
	EUR	200	268,440
Rite Aid Corp.:			
9.25%, 3/15/20	USD	435	487,200
6.75%, 6/15/21		72	76,410

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		Par	1,210,237
		(000)	Value
Corporate Bonds			
Food Products 0.4%			
Barry Callebaut Services NV, 5.50%, 6/15/23 (b)	USD	200	\$ 211,130
Boparan Finance PLC:			
5.25%, 7/15/19	GBP	100	158,991
4.38%, 7/15/21	EUR	110	138,762
5.50%, 7/15/21	GBP	145	228,409
Findus Bondco SA:			
9.13%, 7/01/18	EUR	233	332,173
9.50%, 7/01/18	GBP	200	358,593
Smithfield Foods, Inc.:			
5.88%, 8/01/21 (b)	USD	257	274,990
6.63%, 8/15/22		849	933,900
Univeg Holding BV, 7.88%, 11/15/20	EUR	200	260,162
			2,897,110
Gas Utilities 0.2%			
Targa Resources Partners LP/Targa Resources Partners Finance Corp., 7.88%, 10/15/18	USD	1,665	1,737,844
Health Care Equipment & Supplies 0.7%			
3AB Optique Development SAS, 5.63%, 4/15/19	EUR	215	272,612
Biomet, Inc., 6.50%, 10/01/20	USD	1,889	2,014,146
DJO Finance LLC/DJO Finance Corp., 8.75%, 3/15/18		480	510,000
Fresenius Medical Care US Finance, Inc., 5.75%, 2/15/21 (b)		1,495	1,622,075
Fresenius US Finance II, Inc., 9.00%, 7/15/15 (b)		410	434,600
IDH Finance PLC, 6.00%, 12/01/18	GBP	103	177,835
Teleflex, Inc., 6.88%, 6/01/19	USD	830	877,725
			5,908,993
Health Care Providers & Services 3.1%			
Acadia Healthcare Co., Inc., 5.13%, 7/01/22 (b)		295	297,950
Amsurg Corp., 5.63%, 7/15/22 (b)		1,248	1,276,080
Aviv Healthcare Properties LP/Aviv Healthcare Capital Corp., 7.75%, 2/15/19		1,215	1,284,863
Care UK Health & Social Care PLC, 0.00%, 7/15/19	GBP	234	378,763
CHS/Community Health Systems, Inc.:			
5.13%, 8/15/18	USD	776	807,040
6.88%, 2/01/22 (b)		2,379	2,527,687
ConvaTec Healthcare E SA, 7.38%, 12/15/17 (b)	EUR	200	276,083
Crown Newco 3 PLC, 7.00%, 2/15/18	GBP	194	335,596
DaVita HealthCare Partners, Inc., 5.13%, 7/15/24	USD	1,347	1,366,363
HCA Holdings, Inc., 7.75%, 5/15/21		431	469,790
HCA, Inc.:			
3.75%, 3/15/19		1,048	1,055,860
6.50%, 2/15/20		2,254	2,521,663
5.88%, 3/15/22		1,148	1,248,450
4.75%, 5/01/23		523	527,576
5.00%, 3/15/24		450	458,438
Hologic, Inc., 6.25%, 8/01/20		1,933	2,039,315
Kindred Healthcare, Inc., 6.38%, 4/15/22 (b)		229	231,290
Priory Group No. 3 PLC, 7.00%, 2/15/18 (b)	GBP	308	532,802
Symbion, Inc., 8.00%, 6/15/16	USD	125	130,156
Tenet Healthcare Corp.:			
6.25%, 11/01/18		607	661,630

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Consolidated Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

		Par		
		(000)		Value
Corporate Bonds				
Health Care Providers & Services (concluded)				
Tenet Healthcare Corp. (concluded):				
5.00%, 3/01/19 (b)	USD	1,124	\$	1,138,050
4.75%, 6/01/20		1,190		1,210,825
6.00%, 10/01/20		1,478		1,603,630
4.50%, 4/01/21		24		24,060
4.38%, 10/01/21		1,386		1,375,605
8.13%, 4/01/22		1,262		1,452,878
				25,232,443
Home Building 0.1%				
Weyerhaeuser Real Estate Co. (b):				
4.38%, 6/15/19				