

DREYFUS STRATEGIC MUNICIPAL BOND FUND INC
Form N-CSRS
July 29, 2015

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 811-5877

Dreyfus Strategic Municipal Bond Fund, Inc.
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166
(Address of principal executive offices) (Zip code)

John Pak, Esq.

200 Park Avenue

New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000

Date of fiscal year end: 11/30

Date of reporting period: 5/31/15

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus Strategic Municipal Bond Fund, Inc.

SEMIANNUAL REPORT May 31, 2015

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.

Contents

THE FUND

- 2** A Letter from the President
- 3** Discussion of Fund Performance
- 6** Statement of Investments
- 22** Statement of Assets and Liabilities
- 23** Statement of Operations
- 24** Statement of Cash Flows
- 25** Statement of Changes in Net Assets
- 26** Financial Highlights
- 28** Notes to Financial Statements
- 41** Officers and Directors

FOR MORE INFORMATION

Back Cover

Dreyfus
Strategic Municipal Bond Fund, Inc.

The Fund

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Strategic Municipal Bond Fund, Inc., covering the six-month period from December 1, 2014, through May 31, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Municipal bonds produced modestly positive total returns over the reporting period, on average. Developments in overseas markets — including ongoing deflationary pressures and economic concerns in Europe, Japan, and China — sparked a flight to quality among global investors, who turned away from foreign sovereign bonds in favor of U.S. assets. In addition, aggressively accommodative monetary policies in Europe and Japan made yields of U.S. fixed-income securities relatively attractive. Consequently, intensifying demand put downward pressure on U.S. bond yields, including municipal bonds, over much of the reporting period. This trend reversed over the reporting period's second half, erasing previous gains when the supply of newly issued municipal bond increased substantially in the low interest rate environment.

We remain optimistic regarding the long-term outlook for the U.S. economy generally and municipal bonds in particular. We believe labor markets have continued to strengthen, oil prices have risen from previous lows, and foreign currency exchange rates have become less volatile. Meanwhile, credit conditions appear to have continued to improve for most states and municipalities, and demand remains strong from investors seeking tax-advantaged investment income. As always, we urge you to discuss these observations with your financial advisor, who can help you assess their implications for your investment portfolio.

Thank you for your continued confidence and support.

J. Charles Cardona
President
The Dreyfus Corporation
June 15, 2015

DISCUSSION OF FUND PERFORMANCE

For the period of December 1, 2014, through May 31, 2015, as provided by Daniel Barton and Jeffrey Burger, Portfolio Managers

Fund and Market Performance Overview

For the six-month period ended May 31, 2015, Dreyfus Strategic Municipal Bond Fund achieved a total return of 2.53% on a net-asset-value basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.249 per share, which reflects an annualized distribution rate of 6.28%.²

Municipal bonds generally produced flat returns over the reporting period, as early gains were balanced by subsequent declines stemming from rising long-term interest rates and changing supply-and-demand dynamics. The fund's results were supported by its constructive interest rate and security selection strategies.

The Fund's Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent believed by Dreyfus to be consistent with the preservation of capital. In pursuing this goal, the fund invests at least 80% of its assets in municipal bonds. Under normal market conditions, the weighted average maturity of the fund's portfolio is expected to exceed 10 years. Under normal market conditions, the fund invests at least 80% of its net assets in municipal bonds considered investment grade or the unrated equivalent as determined by Dreyfus.

The fund also has issued auction-rate preferred stock (ARPS), a percentage of which remains outstanding from its initial public offering, and has invested the proceeds in a manner consistent with its investment objective. This, along with the fund's participation in secondary inverse floater structures, has the effect of "leveraging" the portfolio, which can magnify gain and loss potential depending on market conditions.

Over time, many of the fund's older, higher yielding bonds have matured or were redeemed by their issuers. We have attempted to replace those bonds with investments consistent with the fund's investment policies. We have also sought to upgrade the fund with newly issued bonds that, in our opinion, have better structural or income characteristics than existing holdings. When such opportunities arise, we usually look to sell bonds that are close to their optional redemption date or maturity.

The Fund 3

DISCUSSION OF FUND PERFORMANCE *(continued)*

Fluctuating Interest Rates Sparked Market Volatility

Over the final months of 2014, global investors seeking more competitive yields than were available in overseas markets flocked to higher yielding investments in the United States, and the resulting supply-and-demand imbalance put downward pressure on U.S. bond yields. This trend began to reverse in early 2015, when longer term interest rates drifted higher amid stronger-than-expected employment data and expectations of short-term rate hikes later this year. An economic soft patch during the winter caused yields to moderate temporarily, but longer term interest rates resumed their climb when economic growth re-accelerated in the spring, resulting in generally flat market returns for the reporting period overall. Likewise, in the wake of more favorable supply-and-demand dynamics during 2014, issuance volumes climbed over the first five months of 2015 as issuers rushed to refinance existing debt before expected increases in interest rates.

Underlying credit conditions have improved for most municipal bond issuers as tax revenues have climbed beyond pre-recession levels for many state and local governments. However, isolated credit problems have persisted for Puerto Rico and—in the wake of a recent court ruling against pension reform legislation—Illinois and other states with high levels of unfunded pension liabilities.

Various Strategies Bolstered Fund Results

The fund's focus on longer maturities captured the benefits of falling long-term interest rates and narrowing yield differences along the market's maturity spectrum early in the reporting period. The positive impact of this strategy was further magnified by the fund's leveraging strategy. While rates rose during the spring of 2015, they were not sufficient to fully offset previous gains.

Our security selection strategy also proved beneficial, as we maintained overweighted exposure to revenue-backed bonds rated BBB and lower and an underweighted position in lower yielding general obligation and escrowed bonds. The fund achieved especially strong results from revenue bonds backed by hospitals, industrial development projects, airlines, and the states' settlement of litigation with U.S. tobacco companies. In contrast, laggards for the reporting period included higher quality bonds from public power utilities and providers of essential municipal services, such as sewer

districts and water facilities. The fund held no exposure to troubled Puerto Rico bonds, but one Chicago holding was hurt by a credit-rating downgrade after the adverse court ruling in Illinois.

Adjusting to Changing Market Conditions

The U.S. economic recovery has gained traction, municipal bond issuance volumes have increased, and investors expect higher short-term interest rates later this year. Therefore, we currently expect bouts of heightened market volatility, and we are prepared to adjust the fund's interest rate positioning over the near term. We are more optimistic regarding the market's longer term prospects in light of robust investor demand and improving credit fundamentals, and we have retained the fund's emphasis on revenue bonds with strong income characteristics.

June 15, 2015

Bond funds are subject generally to interest rate, credit, liquidity, and market risks, to varying degrees, all of which are more fully described in the fund's prospectus. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines.

High yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity.

The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative.

1 *Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable.*

Return figures provided reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an undertaking in effect through November 30, 2015, at which time it may be extended, terminated, or modified. Had these expenses not been absorbed, the fund's returns would have been lower.

2 *Annualized distribution rate per share is based upon dividends per share paid from net investment income during the period, annualized, divided by the market price per share at the end of the period, adjusted for any capital gain distributions.*

The Fund 5

STATEMENT OF INVESTMENTS

May 31, 2015 (Unaudited)

Long-Term Municipal Investments—145.1%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Alabama—2.2%				
Jefferson County, Limited Obligation School Warrants	5.25	1/1/17	2,000,000 ^a	2,020,020
Jefferson County, Limited Obligation School Warrants	5.25	1/1/19	2,150,000 ^a	2,171,521
Jefferson County, Limited Obligation School Warrants	5.00	1/1/24	1,000,000 ^a	1,010,010
Jefferson County, Sewer Revenue Warrants	0/7.75	10/1/46	6,000,000 ^b	3,886,020
Alaska—1.6%				
Northern Tobacco Securitization Corporation of Alaska, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/46	8,465,000	6,650,104
Arizona—6.1%				
Barclays Capital Municipal Trust Receipts (Series 21 W) Recourse (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue)	5.00	1/1/38	13,198,367 ^{c,d}	14,300,105
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools, Inc. Projects)	5.00	7/1/45	1,000,000 ^{a,d}	1,002,310
Phoenix Industrial Development Authority, Education Facility				

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Revenue (Legacy Traditional Schools Projects)	5.00	7/1/45	1,300,000 ^{a,d}	1,285,973
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.50	7/1/26	4,000,000 ^a	3,970,320
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	4,550,000	5,083,669

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California—17.5%				
Barclays Capital Municipal Trust Receipts (Series 80 W) Recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.00	5/15/31	5,247,500 c,d	6,015,365
California, GO (Various Purpose)	5.75	4/1/31	7,800,000	8,990,982
California, GO (Various Purpose)	6.00	3/1/33	2,250,000	2,729,137
California, GO (Various Purpose)	6.50	4/1/33	5,000,000	5,989,150
California, GO (Various Purpose)	6.00	11/1/35	5,000,000	6,004,300
California Statewide Communities Development Authority, Revenue (Front Porch Communities and Services Project)	5.13	4/1/37	4,975,000 d	5,124,250
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	5,000,000	4,290,050
JPMorgan Chase Putters/Drivers Trust (Series 4361) Non-recourse (Los Angeles Department of Water and Power, Water System Revenue)	5.00	7/1/20	5,000,000 c,d	5,582,750
JPMorgan Chase Putters/Drivers Trust (Series 4414) Non-recourse (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport))	5.00	5/15/21	6,000,000 c,d	6,629,340
JPMorgan Chase Putters/Drivers Trust (Series 4421) Non-recourse (The Regents of				

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the University of California, General Revenue)	5.00	5/15/21	6,250,000 a,c,d	7,077,313
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The Fund 7

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California (continued)				
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	4,000,000	4,522,520
San Buenaventura, Revenue (Community Memorial Health System)	7.50	12/1/41	1,500,000	1,829,310
Santa Margarita/Dana Point Authority, Revenue (Santa Margarita Water District Improvement Districts Numbers 2,3 and 4)	5.13	8/1/38	5,000,000	5,543,650
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project)	5.88	1/1/29	2,000,000	2,319,040
Colorado—1.3%				
JPMorgan Chase Putters/Drivers Trust (Series 4386) Non-recourse (Board of Governors of the Colorado State University, System Enterprise Revenue)	5.00	3/1/20	4,950,000 a,c,d	5,490,392
Connecticut—1.2%				
Connecticut Resources Recovery Authority, Special Obligation Revenue (American REF-FUEL Company of Southeastern Connecticut Project)	6.45	11/15/22	4,985,000	4,994,721
District of Columbia—4.0%				
RIB Floater Trust (Barclays Bank PLC) (Series 15 U) Recourse (District of Columbia, Income Tax Secured Revenue)	5.00	12/1/35	14,828,227 c,d	16,843,179
Florida—5.9%				
Citizens Property Insurance				

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Corporation, Coastal Account				
Senior Secured Revenue	5.00	6/1/25	1,500,000	1,744,740
Davie,				
Educational Facilities Revenue				
(Nova Southeastern				
University Project)	6.00	4/1/42	2,000,000 ^a	2,288,460

8

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Florida (continued)				
Mid-Bay Bridge Authority, Springing Lien Revenue (Prerefunded)	7.25	10/1/21	5,000,000 ^e	6,548,350
Palm Beach County Health Facilities Authority, Retirement Community Revenue (Adult Communities Total Services, Inc. Retirement— Life Communities, Inc. Obligated Group)	5.50	11/15/33	6,825,000	7,446,689
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project)	6.00	8/1/45	3,500,000	3,899,105
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	2,500,000	2,761,375
Georgia—4.1%				
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	1,000,000	1,126,560
Atlanta, Water and Wastewater Revenue (Prerefunded)	6.00	11/1/19	4,865,000 ^e	5,830,070
Atlanta Development Authority, Senior Lien Revenue (New Downtown Atlanta Stadium Project)	5.25	7/1/40	1,000,000	1,135,800
Augusta, Airport Revenue	5.45	1/1/31	2,455,000	2,457,553
RIB Floater Trust (Barclays Bank PLC) (Series 20 U) Recourse (Private Colleges and Universities Authority, Revenue (Emory University))	5.00	10/1/43	6,000,000 ^{a,c,d}	6,705,540

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Hawaii—1.2%

Hawaii Department of Budget and

Finance, Special Purpose

Revenue (Hawai'i Pacific

Health Obligated Group)

5.63

7/1/30

2,500,000

2,841,625

The Fund 9

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Hawaii (continued)				
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company, Inc. and Subsidiary Projects)	6.50	7/1/39	2,000,000	2,301,080
Idaho—0%				
Idaho Housing and Finance Association, SFMR (Collateralized; FNMA)	6.35	1/1/30	125,000	125,246
Illinois—2.9%				
Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport)	5.63	1/1/35	3,000,000	3,393,120
Chicago, GO	5.00	1/1/24	2,000,000	2,008,820
Chicago, GO (Project and Refunding Series)	5.00	1/1/36	2,500,000	2,376,525
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	3,600,000	4,254,372
Iowa—1.8%				
Iowa Finance Authority, Midwestern Disaster Area Revenue (Iowa Fertilizer Company Project)	5.25	12/1/25	5,125,000	5,712,018
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	2,000,000	1,905,660
Kentucky—3%				
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's HealthCare, Inc.				

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Project) (Prerefunded)	6.13	2/1/18	1,000,000 ^e	1,134,680
Louisiana—1.2%				
Lakeshore Villages Master				
Community Development				
District, Special Assessment				
Revenue	5.25	7/1/17	1,987,000 ^f	695,669

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Louisiana (continued)				
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	4,000,000	4,444,960
Maine—0.6%				
Maine Health and Higher Educational Facilities Authority, Revenue (MaineGeneral Medical Center Issue)	7.50	7/1/32	2,000,000	2,421,780
Maryland—1.1%				
JPMorgan Chase Putters/Drivers Trust (Series 4422) Non-recourse (Mayor and City Council of Baltimore, Project Revenue (Water Projects))	5.00	7/1/21	4,000,000 c,d	4,462,080
Massachusetts—12.7%				
Barclays Capital Municipal Trust Receipts (Series 15 W) Recourse (Massachusetts Health and Educational Facilities Authority, Revenue (Massachusetts Institute of Technology Issue))	5.00	7/1/38	10,200,000 a,c,d	11,102,292
JPMorgan Chase Putters/Drivers Trust (Series 3840) Non-recourse (Massachusetts Development Finance Agency, Revenue (Harvard University Issue))	5.25	8/1/18	10,000,000 a,c,d	11,719,100
JPMorgan Chase Putters/Drivers Trust (Series 3898) Non-recourse (Massachusetts, Consolidated Loan)	5.00	4/1/19	6,400,000 c,d	7,467,520

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JPMorgan Chase Putters/Drivers Trust (Series 4395) Non-recourse (University of Massachusetts Building Authority, Project and Refunding Revenue)	5.00	5/1/21	7,406,665 a,c,d	8,196,349
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The Fund 11

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Massachusetts (continued)				
Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue)	7.25	1/1/32	2,500,000	2,988,175
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	5,000,000 ^a	5,806,800
Massachusetts Housing Finance Agency, Housing Revenue	7.00	12/1/38	4,575,000	4,977,646
Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	940,000	944,465
Michigan—5.2%				
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	3,780,000	4,005,401
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/36	3,290,000	3,458,876
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	2,000,000	2,004,360
Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Water Supply System Revenue Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.)	5.00	7/1/36	1,000,000	1,072,390
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	2,395,000	2,382,738
Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated				

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Group) (Prerefunded)	8.00	9/1/18	5,000,000 ^e	6,098,000
Wayne County Airport Authority, Airport Revenue (Detroit Metropolitan Wayne County Airport) (Insured; National Public Finance Guarantee Corp.)	5.00	12/1/34	2,450,000	2,494,786

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New Jersey—2.9%				
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.50	12/15/29	5,000,000 ^a	5,245,050
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey—American Water Company, Inc. Project)	5.70	10/1/39	3,000,000	3,424,530
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	4.50	6/1/23	1,000,000	1,002,090
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	4.63	6/1/26	1,600,000	1,548,368
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/41	1,000,000	769,050
New Mexico—1.3%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	5,000,000	5,551,450
New York—19.5%				
Austin Trust (Series 1107) Non-recourse (Port Authority of New York and New Jersey, Consolidated Bonds, 151st Series)	6.00	9/15/28	10,000,000 ^{c,d}	11,192,200
Barclays Capital Municipal Trust Receipts (Series 7 B) Recourse (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue)	5.50	11/1/27	5,000,000 ^{c,d}	5,969,550
Barclays Capital Municipal Trust				

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Receipts (Series 11 B)				
Recourse (New York City				
Transitional Finance				
Authority, Future Tax				
Secured Revenue)	5.00	5/1/30	4,488,203 c,d	5,056,345

The Fund 13

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New York (continued)				
JPMorgan Chase Putters/Drivers Trust (Series 3857)				
Non-recourse (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue)	5.25	11/1/18	5,000,000 ^{c,d}	5,956,000
Long Island Power Authority, Electric System General Revenue	6.25	4/1/33	3,000,000	3,476,340
Metropolitan Transportation Authority, Transportation Revenue	6.25	11/15/23	9,425,000	11,044,403
New York City Educational Construction Fund, Revenue	6.50	4/1/28	2,785,000 ^a	3,426,163
New York City Industrial Development Agency, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	7.75	8/1/31	5,000,000	5,396,600
New York Liberty Development Corporation, Revenue (3 World Trade Center Project)	5.00	11/15/44	4,000,000 ^d	4,096,880
New York State Dormitory Authority, State Personal Income Tax Revenue (General Purpose)	5.00	3/15/32	3,500,000	4,009,740
Niagara Area Development Corporation, Solid Waste Disposal Facility Revenue (Covanta Energy Project)	5.25	11/1/42	2,000,000 ^d	2,069,820
Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project)	6.00	12/1/36	4,710,000	5,529,163
RIB Floater Trust (Barclays Bank PLC) (Series 16 U) Recourse				

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(New York City Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue)	5.00	6/15/44	12,600,000 c,d	13,980,456
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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
North Carolina—2.6%				
Barclays Capital Municipal Trust Receipts (Series 31 W) Recourse (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System))	5.00	6/1/42	10,000,000 c,d	10,996,300
Ohio—6.0%				
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	5.88	6/1/30	2,000,000	1,689,520
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	6.50	6/1/47	7,800,000	6,841,614
Butler County, Hospital Facilities Revenue (UC Health)	5.50	11/1/40	3,000,000	3,383,880
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	4,200,000	4,692,324
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	2,530,000 d	2,458,553
Southeastern Ohio Port Authority, Hospital Facilities Improvement Revenue (Memorial Health System Obligated Group Project)	6.00	12/1/42	2,000,000	2,152,360
Southeastern Ohio Port Authority, Hospital Facilities Improvement Revenue (Memorial Health System Obligated Group Project)	5.00	12/1/43	1,000,000	1,011,310
Toledo-Lucas County Port				

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Authority, Special Assessment				
Revenue (Crocker Park Public				
Improvement Project)	5.38	12/1/35	3,000,000	3,011,640

The Fund 15

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Oregon—4%				
Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue (Pelton Round Butte Project)	6.38	11/1/33	1,500,000	1,659,675
Pennsylvania—3.0%				
JPMorgan Chase Putters/Drivers Trust (Series 3916) Non-recourse (Geisinger Authority, Health System Revenue (Geisinger Health System))	5.13	6/1/35	3,000,000 c,d	3,301,200
Montgomery County Industrial Development Authority, Revenue (Whitemarsh Continuing Care Retirement Community Project)	5.25	1/1/40	3,500,000	3,537,940
Philadelphia, GO	6.50	8/1/41	4,700,000	5,616,688
Rhode Island—1.4%				
Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue (Lifespan Obligated Group Issue) (Insured; Assured Guaranty Corp.)	7.00	5/15/39	5,000,000	5,882,700
South Carolina—2.7%				
JPMorgan Chase Putters/Drivers Trust (Series 4379) Non-recourse (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper))	5.13	6/1/37	10,200,000 c,d	11,294,052
Tennessee—2.3%				
JPMorgan Chase Putters/Drivers Trust (Series 4416)				

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Non-recourse (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue)	5.00	7/1/21	3,000,000 c,d	3,375,270
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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Tennessee (continued)				
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University)	5.50	10/1/29	2,500,000 ^a	2,893,975
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University)	5.50	10/1/34	3,000,000 ^a	3,462,240
Texas—21.9%				
Barclays Capital Municipal Trust Receipts (Series 28 W) Recourse (Leander Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program))	5.00	8/15/40	9,997,299 ^{a,c,d}	11,270,049
Barclays Capital Municipal Trust Receipts (Series 39 W) Recourse (Texas A&M University System Board of Regents, Financing System Revenue) Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education)	5.00	5/15/39	13,160,000 ^{a,c,d}	14,952,787
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	4.50	12/1/44	2,500,000 ^a	2,412,875
Harris County-Houston Sports Authority, Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	7.25	12/1/18	7,290,000 ^e	8,792,104
Houston, Airport System Special	0.00	11/15/51	7,500,000 ^g	1,289,700

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Facilities Revenue

(United Airlines, Inc.

Terminal E Project)

4.75

7/1/24

2,000,000

2,172,200

The Fund 17

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Texas (continued)				
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.)	6.00	11/15/36	5,000,000	5,905,300
JPMorgan Chase Putters/Drivers Trust (Series 4356) Non-recourse (San Antonio, Electric and Gas Systems Junior Lien Revenue)	5.00	2/1/21	12,450,000 ^{c,d}	13,705,209
Love Field Airport Modernization Corporation, Special Facilities Revenue (Southwest Airlines Company—Love Field Modernization Program Project)	5.00	11/1/28	1,000,000	1,116,310
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	14,705,000	16,301,816
North Texas Tollway Authority, Second Tier System Revenue (Prerefunded)	5.75	1/1/18	6,650,000 ^e	7,443,411
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	13.34	7/2/24	250,000 ^h	264,530
Texas Transportation Commission, Central Texas Turnpike System Second Tier Revenue	5.00	8/15/42	5,000,000	5,334,100
Vermont—7%				
Burlington, Airport Revenue	3.50	7/1/18	3,010,000	3,036,307
Virginia—3.5%				
Chesterfield County Economic Development Authority,				

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Retirement Facilities First				
Mortgage Revenue (Brandermill				
Woods Project)	5.13	1/1/43	1,000,000	1,027,080

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Virginia (continued)				
Henrico County Industrial Development Authority, Revenue (Bon Secours Health System, Inc.) (Insured; Assured Guaranty Municipal Corp.)	11.24	8/23/27	6,600,000 ^h	8,091,336
Virginia College Building Authority, Educational Facilities Revenue (Marymount University Project)	5.00	7/1/45	2,110,000 ^a	2,228,012
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.75	7/1/38	3,000,000	3,465,270
Washington—4.0%				
Barclays Capital Municipal Trust Receipts (Series 27 B) Recourse (King County, Sewer Revenue)	5.00	1/1/29	8,577,246 ^{c,d}	9,769,223
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	5,975,000 ^e	6,928,849
West Virginia—1.4%				
The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station Project)	5.50	10/15/37	5,670,000	5,964,727
U.S. Related—.6%				
Puerto Rico Commonwealth, Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/35	2,500,000	2,492,050
Total Long-Term				

Municipal Investments

(cost \$548,941,176)

606,064,960

The Fund **19**

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STATEMENT OF INVESTMENTS (Unaudited) (continued)

Short-Term Municipal Investment—2%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California; California Infrastructure and Economic Development Bank, Revenue, Refunding (Los Angeles County Museum of Natural History Foundation) (LOC; Wells Fargo Bank) (cost \$1,000,000)	0.08	6/1/15	1,000,000 ⁱ	1,000,000
Total Investments (cost \$549,941,176)			145.3 %	607,064,960
Liabilities, Less Cash and Receivables			(23.0 %)	(96,279,653)
Preferred Stock, at redemption value			(22.3 %)	(93,000,000)
Net Assets Applicable to Common Shareholders			100.0 %	417,785,307

a At May 31, 2015, the fund had \$115,737,551 or 27.7% of net assets applicable to Common Shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from education.

b Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.

c Collateral for floating rate borrowings.

d Securities exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At May 31, 2015, these securities were valued at \$248,447,752 or 59.5% of net assets applicable to Common Shareholders.

e These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.

f Non-income producing—security in default.

g Security issued with a zero coupon. Income is recognized through the accretion of discount.

h Inverse floater security—the interest rate is subject to change periodically. Rate shown is the interest rate in effect at May 31, 2015.

i Variable rate demand note—rate shown is the interest rate in effect at May 31, 2015. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

Portfolio Summary (Unaudited)†

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	Value (%)		Value (%)
Education	27.7	Resource Recovery	3.2
Transportation Services	22.3	Industrial	3.0
Health Care	16.0	Pollution Control	2.9
Special Tax	15.9	City	2.4
Utility-Electric	14.2	Housing	1.5
Utility-Water and Sewer	12.2	County	.4
Prerefunded	8.7	Other	5.4
State/Territory	5.7		
Asset-Backed	3.8		145.3

† Based on net assets applicable to Common Shareholders.

Summary of Abbreviations

ABAG	Association of Bay Area Governments	ACA	American Capital Access
AGC	ACE Guaranty Corporation	AGIC	Asset Guaranty Insurance Company
AMBAC	American Municipal Bond Assurance Corporation	ARRN	Adjustable Rate Receipt Notes
BAN	Bond Anticipation Notes	BPA	Bond Purchase Agreement
CIFG	CDC Ixis Financial Guaranty	COP	Certificate of Participation
CP	Commercial Paper	DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDR	Economic Development Revenue	EIR	Environmental Improvement Revenue
FGIC	Financial Guaranty Insurance Company	FHA	Federal Housing Administration