

BLACKROCK MUNIYIELD FUND INC
Form N-CSRS
January 08, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSRS

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES**

Investment Company Act file number 811-06414

Name of Fund: BlackRock MuniYield Fund, Inc. (MYD)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock MuniYield 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: 04/30/2010

Date of reporting period: 10/31/2009

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Semi-Annual Report

OCTOBER 31, 2009 | (UNAUDITED)

BlackRock MuniYield Fund, Inc. (MYD)

BlackRock MuniYield Quality Fund, Inc. (MQY)

BlackRock MuniYield Quality Fund II, Inc. (MQT)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

Over the past 12 months, we have witnessed a seismic shift in market sentiment from fear and pessimism during the worst economic decline and crisis of confidence in financial markets since The Great Depression to increasing optimism amid emerging signs of recovery. The period began in the midst of an intense deterioration in global economic activity and financial markets in the final months of 2008 and the early months of 2009. The collapse of confidence resulted in massive government policy intervention on a global scale in the financial system and the economy. The tide turned dramatically in March 2009, however, on the back of new US government initiatives, as well as better-than-expected economic data and upside surprises in corporate earnings.

Not surprisingly, global equity markets endured extreme volatility over the past 12 months, starting with steep declines and heightened risk aversion in the early part of the reporting period, which eventually gave way to an impressive rally that began in March. Although there have been fits and starts along the way and a few modest corrections, the new bull market has pushed all major US indices well into positive territory for 2009. The experience in international markets was similar to that in the United States. In particular, emerging markets (which were less affected by the global credit crunch and are experiencing faster economic growth rates when compared to the developed world) have posted impressive gains since the rally began.

In fixed income markets, the flight-to-safety premium in Treasury securities prevailed during the equity market downturn, which drove yields sharply lower, but concerns about deficit spending, debt issuance, inflation and dollar weakness have kept Treasury yields range bound in recent months. As economic and market conditions began to improve in early 2009, near-zero interest rates on risk-free assets prompted many investors to reallocate money from cash investments into higher-yielding and riskier non-Treasury assets. The high yield sector was the greatest beneficiary of this move, having decisively outpaced all other taxable asset classes since the start of 2009. Similarly, the municipal bond market is on pace for its best performance year ever in 2009, following one of its worst years in 2008. Investor demand remains strong for munis, helping to create a highly favorable technical backdrop. Municipal bond mutual funds are seeing record inflows, reflecting the renewed investor interest in the asset class.

As a result of the rebound in sentiment and global market conditions, most major benchmark indexes are now in positive territory for both the 6- and 12-month periods.

Total Returns as of October 31, 2009	6-month	12-month
US equities (S&P 500 Index)	20.04%	9.80%
Small cap US equities (Russell 2000 Index)	16.21	6.46
International equities (MSCI Europe, Australasia, Far East Index)	31.18	27.71
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index*)	(0.79)	8.12
Taxable fixed income (Barclays Capital US Aggregate Bond Index)	5.61	13.79
Tax-exempt fixed income (Barclays Capital Municipal Bond Index)	4.99	13.60
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	27.72	48.65

* Formerly a Merrill Lynch index.

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

The market environment has visibly improved since the beginning of the year, but a great deal of uncertainty and risk remain. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market

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perspective and investment insight, visit the most recent issue of our award-winning *Shareholder*[®] magazine at www.blackrock.com/shareholdermagazine. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

Announcement to Shareholders

On December 1, 2009, BlackRock, Inc. and Barclays Global Investors, N.A. combined to form one of the world's preeminent investment management firms. The new company, operating under the BlackRock name, manages \$3.19 trillion in assets** and offers clients worldwide a full complement of active management, enhanced and index investment strategies and products, including individual and institutional separate accounts, mutual funds and other pooled investment vehicles, and the industry-leading iShares platform of exchange traded funds.

** Data is as of September 30, 2009, is subject to change, and is based on a pro forma estimate of assets under management and other data at BlackRock, Inc. and Barclays Global Investors.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of October 31, 2009

BlackRock MuniYield Fund, Inc.

Investment Objective

BlackRock MuniYield Fund, Inc. (MYD) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes.

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

Performance

For the six months ended October 31, 2009, the Fund returned 12.77% based on market price and 17.73% based on net asset value (NAV). For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of 16.28% on a market price basis and 14.93% on a NAV basis. 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. Positive performance factors included concentrations in education, health and corporate-related debt. Renewed risk appetite was also beneficial, given the Fund's focus on lower-rated credits. In addition, the Fund's long duration stance and emphasis on longer-dated bonds were significant positive contributors as yields on the long end of the curve fell substantially. Negative factors included less exposure to the tax-backed, essential services and tobacco sectors.

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.

Fund Information

Symbol on New York Stock Exchange (NYSE)	MYD
Initial Offering Date	November 29, 1991
Yield on Closing Market Price as of October 31, 2009 (\$12.49) ¹	6.63%
Tax Equivalent Yield ²	10.20%
Current Monthly Distribution per Common Share ³	\$0.069
Current Annualized Distribution per Common Share ³	\$0.828
Leverage as of October 31, 2009 ⁴	38%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Auction Market Preferred Shares (Preferred Shares) and tender option bond trusts (TOBs) as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 7.

The table below summarizes the changes in the Fund's market price and NAV per share:

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	10/31/09	4/30/09	Change	High	Low
Market Price	\$ 12.49	\$ 11.45	9.08%	\$ 13.58	\$ 11.09
Net Asset Value	\$ 13.13	\$ 11.53	13.88%	\$ 13.84	\$ 11.53

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	10/31/09	4/30/09
Health	23%	18%
Corporate	15	12
State	15	24
County/City/Special District/School District	10	9
Transportation	9	6
Utilities	9	8
Education	9	10
Housing	7	9
Tobacco	3	4

Credit Quality Allocations⁵

	10/31/09	4/30/09
AAA/Aaa	22%	28%
AA/Aa	29	26
A/A	24	20
BBB/Baa	9	9
BB/Ba	1	1
B/B	3	2
CCC/Caa	2	2
Not Rated ⁶	10	12

⁵ Using the higher of Standard and Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

⁶ The investment advisor has deemed certain of these securities as investment grade quality. As of October 31, 2009 and April 30, 2009, the market value of these securities was \$22,209,791 representing 2% and \$18,072,535 representing 2%, respectively, of the Fund's long-term investments.

Fund Summary as of October 31, 2009

BlackRock MuniYield Quality Fund, Inc.

Investment Objective

BlackRock MuniYield Quality Fund, Inc. (MQY) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, high-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes.

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

Performance

For the six months ended October 31, 2009, the Fund returned 10.72% based on market price and 10.79% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 11.62% on a market price basis and 9.56% on a NAV basis. 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. Among the factors that contributed to Fund performance during the reporting period were: exposure to the long end of the curve during a period of yield-curve flattening and a general tightening of credit spreads, which drove performance in the Fund's holdings of insured bonds with weaker underlying credits; and, the Fund's concentration in the transportation and escrowed sectors, which outperformed during the period. Conversely, low exposure to the utilities and education sectors detracted from Fund performance as both segments performed well.

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Fund Information

Symbol on NYSE	MQY
Initial Offering Date	June 26, 1992
Yield on Closing Market Price as of October 31, 2009 (\$13.24) ¹	6.30%
Tax Equivalent Yield ²	9.69%
Current Monthly Distribution per Common Share ³	\$0.0695
Current Annualized Distribution per Common Share ³	\$0.8340
Leverage as of October 31, 2009 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques

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utilized by the Fund, please see The Benefits and Risks of Leveraging on page 7.

The table below summarizes the changes in the Fund's market price and NAV per share:

	10/31/09	4/30/09	Change	High	Low
Market Price	\$ 13.24	\$ 12.32	7.47%	\$ 14.44	\$ 11.80
Net Asset Value	\$ 14.27	\$ 13.27	7.54%	\$ 15.03	\$ 13.04

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	10/31/09	4/30/09
Transportation	25%	26%
County/City/Special District/School District	23	20
State	16	18
Utilities	15	16
Health	8	7
Tobacco	4	5
Corporate	4	4
Housing	3	2
Education	2	2

Credit Quality Allocations⁵

	10/31/09	4/30/09
AAA/Aaa	38%	39%
AA/Aa	29	42
A/A	26	14
BBB/Baa	5	5
Not Rated	2 ⁶	

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these securities as investment grade quality. As of October 31, 2009, the market value of these securities was \$7,684,952 representing 1% of the Fund's long-term investments.

Fund Summary as of October 31, 2009

BlackRock MuniYield Quality Fund II, Inc.

Investment Objective

BlackRock MuniYield Quality Fund II, Inc. (MQT) (the Fund) seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term, high-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes. The Fund invests primarily in insured municipal bonds.

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

Performance

For the six months ended October 31, 2009, the Fund returned 17.55% based on market price and 10.90% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 11.62% on a market price basis and 9.56% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Among the factors that contributed to Fund performance during the reporting period were: exposure to the long end of the curve during a period of yield-curve flattening and a general tightening of credit spreads, which drove performance in the Fund's holdings of insured bonds with weaker underlying credits; and the Fund's concentration in the transportation and housing sectors, which outperformed during the period. Conversely, low exposure to the utilities and education sectors detracted from Fund performance as both segments performed well.

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.

Fund Information

Symbol on NYSE	MQT
Initial Offering Date	August 28, 1992
Yield on Closing Market Price as of October 31, 2009 (\$11.58) ¹	6.42%
Tax Equivalent Yield ²	9.88%
Current Monthly Distribution per Common Share ³	\$0.062
Current Annualized Distribution per Common Share ³	\$0.744
Leverage as of October 31, 2009 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques

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utilized by the Fund, please see The Benefits and Risks of Leveraging on page 7.

The table below summarizes the changes in the Fund's market price and NAV per share:

	10/31/09	4/30/09	Change	High	Low
Market Price	\$ 11.58	\$ 10.16	13.98%	\$ 12.28	\$ 10.10
Net Asset Value	\$ 12.42	\$ 11.55	7.53%	\$ 13.06	\$ 11.36

The following charts show the sector and credit quality allocations of the Fund's long-term investments:

Sector Allocations

	10/31/09	4/30/09
Transportation	29%	29%
County/City/Special District/ School District	26	23
State	17	18
Utilities	11	13
Housing	7	7
Health		