BLACKROCK MUNIYIELD INVESTMENT QUALITY FUND
Form N-CSRS
April 04, 2018
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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 811-07156

Name of Fund: BlackRock MuniYield Investment Quality Fund (MFT)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield Investment Quality Fund, 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: 07/31/2018

Date of reporting period: 01/31/2018

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Item 1 Report to Stockholders

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JANUARY 31, 2018

SEMI-ANNUAL REPORT (UNAUDITED)

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

BlackRock MuniHoldings New Jersey Quality Fund, Inc. (MUJ)

BlackRock MuniYield Investment Quality Fund (MFT)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

BlackRock MuniYield Pennsylvania Quality Fund (MPA)

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The Markets in Review

Dear Shareholder,

In the 12 months ended January 31, 2018, assets with higher risk and return potential, such as stocks and high-yield bonds, continued to deliver strong performance. The equity market advanced despite geopolitical uncertainty and relatively high valuations, while bond returns were constrained by rising interest rates.

Emerging market stocks posted the strongest performance, as accelerating growth in China, the second largest economy in the world and the most influential of all developing economies, improved the outlook for corporate profits and economic growth across most developing nations. Chinese demand for commodities and other raw materials allayed concerns about the country s banking system, leading to rising equity prices and foreign investment flows.

Rising interest rates worked against high-quality assets with more interest rate sensitivity. Consequently, the 10-year U.S. Treasury a bellwether of the bond market posted a modest negative return, as rising energy prices, higher wages, and steady job growth drove expectations of higher inflation and interest rate increases by the U.S. Federal Reserve (the Fed).

The market s performance reflected reflationary expectations early in the reporting period, as investors began to sense that a global recovery was afoot. Thereafter, many countries experienced sustained and synchronized growth for the first time since the financial crisis. Growth rates and inflation are still relatively low, but they are finally rising together. Consensus expectations for global economic growth also rose, as long-anticipated fiscal stimulus and capital spending plans indicated that new sources of demand could extend the current economic cycle.

The Fed responded to these positive developments by increasing short-term interest rates three times during the year. In October 2017, the Fed also reduced its $4.5 trillion balance sheet by $10 billion, while setting expectations for additional modest reductions and rate hikes in 2018.

By contrast, the European Central Bank (ECB) and the Bank of Japan (BoJ) continued to expand their balance sheets despite nascent signs of sustained economic growth. Rising global growth and inflation, as well as limited bond supply, put steady pressure on other central banks to follow in the Fed s footsteps. In October 2017, the ECB announced plans to cut its bond purchases in half for 2018, while the BoJ reiterated its commitment to economic stimulus, as the country s inflation rate remained below 2.0%.

Rising consumer confidence and improving business sentiment are driving momentum for the U.S. economy. If the Fed maintains a measured pace of stimulus reduction, to the extent that inflation rises, it s likely to be accompanied by rising real growth and higher wages. That could lead to a favorable combination of moderately higher inflation, steadily rising interest rates, and improving growth in 2018. We continue to believe the primary risks to the economic expansion are trade protectionism, rapidly rising interest rates, and geopolitical tension.

In December 2017, Congress passed a sweeping tax reform bill. The U.S. tax overhaul is likely to accentuate the existing reflationary themes, including faster growth and rising interest rates. Changing the corporate tax rate to a flat 21% will create many winners and losers among high-and-low tax companies, while the windfall from lower taxes could boost business and consumer spending.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit **blackrock.com** for further insight about investing in today s markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of January 31, 2018

	6-month	**12-month**
U.S. large cap equities (S&P 500® Index)	15.43%	26.41%
U.S. small cap equities (Russell 2000® Index)	11.23	17.18
International equities (MSCI Europe, Australasia, Far East Index)	12.14	27.60
Emerging market equities (MSCI Emerging Markets Index)	18.51	41.01
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.58	0.93
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	(2.74)	(0.47)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(0.35)	2.15
Tax-exempt municipal bonds (S&P Municipal Bond Index)	0.01	3.41
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	1.94	6.60

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

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Municipal Market Overview For the Reporting Period Ended January 31, 2018

Municipal Market Conditions

Municipal bonds experienced positive performance during the period alongside a favorable technical backdrop and a flattening yield curve resulting from continued Fed monetary policy normalization and largely muted inflation expectations. Ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in continued demand for fixed income investments. More specifically, investors favored the tax-exempt income, diversification, quality, and value of municipal bonds amid fiscal policy uncertainty, which saw tax reform ultimately lower the top individual tax rate just 2.6% while eliminating deductions and increasing demand for tax shelter. During the 12 months ended January 31, 2018, municipal bond funds experienced net inflows of approximately $33 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained elevated from a historical perspective at $394 billion (though well below the robust $455 billion issued in the prior 12-month period). Notably, issuance in December posted the highest monthly total on record at $56 billion, as issuers rushed deals to market ahead of the expected elimination of the tax-exemption for advanced refunding bonds and possibly private activity bonds (PABs). Ultimately, the final version of the Tax Cuts and Jobs Act left PABs unchanged, though the elimination of advanced refundings will likely suppress supply going forward, providing a powerful technical.

S&P Municipal Bond Index

Total Returns as of January 31, 2018

6 months: 0.01%

12 months: 3.41%

A Closer Look at Yields

From January 31, 2017 to January 31, 2018, yields on AAA-rated 30-year municipal bonds decreased by 17 basis points (bps) from 3.08% to 2.91%, while 10-year rates increased by 3 bps from 2.32% to 2.35% and 5-year rates increased by 20 bps from 1.63% to 1.83% (as measured by Thomson Municipal Market Data). The municipal yield curve flattened significantly over the 12-month period with the spread between 2- and 30-year maturities flattening by 64 bps.

During the same time period, on a relative basis, tax-exempt municipal bonds strongly outperformed U.S. Treasuries with the greatest outperformance experienced in the front and intermediate portions of the yield curve. Notably, January saw interest rates move rapidly higher alongside strong global growth and a more hawkish bias from global central banks. The relative positive performance of municipal bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities became increasingly scarce. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on income as tax rates rise.

Financial Conditions of Municipal Issuers

The majority of municipal credits remain strong, despite well-publicized distress among a few issuers. Four of the five states with the largest amount of debt outstanding California, New York, Texas and Florida have exhibited markedly improved credit fundamentals during the slow national recovery. However, several states with the largest unfunded pension liabilities have seen their bond prices decline noticeably and remain vulnerable to additional price deterioration. On the local level, Chicago s credit quality downgrade is an outlier relative to other cities due to its larger pension liability and inadequate funding remedies. BlackRock maintains the view that municipal bond defaults will remain minimal and in the periphery while the overall market is fundamentally sound. We continue to advocate careful credit research and believe that a thoughtful approach to structure and security selection remains imperative amid uncertainty in a modestly improving economic environment.

The opinions expressed are those of BlackRock as of January 31, 2018, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

The Standard & Poor s Municipal Bond Index, a broad, market value-weighted index, seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to the AMT. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

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The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, their common shares (Common Shares). However, there is no guarantee that these objectives can 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 is based on short-term interest rates, is normally 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 Funds (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Funds shareholders 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, a 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 a Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Fund s financing cost of leverage is significantly lower than the income earned on a Fund s longer-term investments acquired from such 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 Funds return on assets purchased with leverage proceeds, income to shareholders is lower than if the Funds had not used leverage. Furthermore, the value of the Funds 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 Funds obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Funds intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in each Fund s NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of a Fund s Common Shares than if the Fund were not leveraged. In addition, each 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 a Fund s ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund incurs expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares. Moreover, to the extent the calculation of the Funds investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Funds investment adviser will be higher than if the Funds did not use leverage.

To obtain leverage, each Fund has issued Variable Rate Demand Preferred Shares (VRDP Shares), Variable Rate Muni Term Preferred Shares (VMTP Shares) (collectively, Preferred Shares) and/or leveraged its assets through the use of tender option bond trusts (TOB Trusts) as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), each Fund is permitted to issue debt up to 33 1/3% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% 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, a Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by the Preferred Shares governing instruments or by agencies rating the Preferred Shares, which may be more stringent than those imposed by the 1940 Act.

If a Fund segregates or designates on its books and records cash or liquid assets having a value not less than the value of a Fund s obligations under the TOB Trust (including accrued interest), then the TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements imposed by the 1940 Act.

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the 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 instrument. The Funds successful use of a derivative financial instrument depends on the investment adviser s ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

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Fund Summary as of January 31, 2018 **BlackRock MuniHoldings California Quality Fund, Inc.**

Fund Overview

BlackRock MuniHoldings California Quality Fund, Inc. s (MUC) (the Fund) investment objective is to provide shareholders with current income exempt from U.S. federal income taxes and California personal income taxes. The Fund seeks to achieve its investment objective by investing primarily in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and California personal income taxes. Under normal market conditions, the Fund invests at least 80% of its assets in investment grade municipal obligations with remaining maturities of one year or more at the time of investment. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. 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 objective will be achieved.

Fund Information

Symbol on New York Stock Exchange (NYSE)	MUC
Initial Offering Date	February 27, 1998
Yield on Closing Market Price as of January 31, 2018 ($13.57)(a)	4.73%
Tax Equivalent Yield(b)	10.31%
Current Monthly Distribution per Common Share(c)	$0.0535
Current Annualized Distribution per Common Share(c)	$0.6420
Economic Leverage as of January 31, 2018(d)	41%

(a) 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.

(b) Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 54.1%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

(c) The distribution rate is not constant and is subject to change.

(d) Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOB Trusts, 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 5.

Performance

Returns for the six months ended January 31, 2018 were as follows:

	Returns Based On	
	Market Price	*NAV*

MUC[(a)(b)]	(5.74)%	0.41%
Lipper California Municipal Debt Funds[(c)]	(5.62)	0.03

(a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
(b) The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.
(c) Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

The following discussion relates to the Fund s absolute performance based on NAV:

U.S. municipal bonds produced generally flat returns during the period, with income offsetting a modest decline in prices. Stronger economic growth and concerns about emerging inflation pressures fueled expectations that the Fed would continue to tighten monetary policy, dampening returns across the fixed-income market.

California underperformed the national indices due to questions about the long-term effects the Federal tax reform bill could have on the supply-and-demand profile of the state s municipal market.

The Fund s overweight in longer-term bonds made the largest contribution to results, as long-term debt generated higher income and experienced stronger price performance relative to short- and intermediate-term issues.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

Positions in revenue sectors such as health care, school districts and transportation also contributed to performance.

The use of leverage helped performance by augmenting portfolio income, but it also exacerbated the impact of declining bond prices.

The Fund s emphasis in higher-quality bonds detracted from results at a time in which lower-rated securities outperformed the broader market.

The Fund holds many seasoned positions with shorter call dates compared to other securities. These bonds lagged amid the general underperformance of short-term issues. (A call is when an issuer redeems a bond prior to its maturity date.)

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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Fund Summary as of January 31, 2018 (continued) **BlackRock MuniHoldings California Quality Fund, Inc.**

Market Price and Net Asset Value Per Share Summary

	01/31/18	*07/31/17*	*Change*	*High*	*Low*
Market Price	$ 13.57	$ 14.75	(8.00)%	$ 15.19	$ 13.47
Net Asset Value	15.22	15.53	(2.00)	15.71	15.22

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

Overview of the Fund s Total Investments*

SECTOR ALLOCATION

Sector	*01/31/18*	*07/31/17*
County/City/Special District/School District	37%	37%
Transportation	19	18
Health	17	18
Utilities	16	16
State	4	5
Education	5	4
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

CALL/MATURITY SCHEDULE (c)

Calendar Year Ended December 31,	
2018	12%
2019	14
2020	5
2021	13
2022	2

(c) Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

CREDIT QUALITY ALLOCATION (a)

Credit Rating	*01/31/18*	*07/31/17*
AAA/Aaa	14%	14%
AA/Aa	67	70
A	12	13
BBB/Baa	1	2
N/R(b)	6	1

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor s (S&P) or Moody s Investors Service (Moody s) if ratings differ. 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.

(b) The investment adviser evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of January 31, 2018 and July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade each represents less than 1% of the Fund s total investments.

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Fund Summary as of January 31, 2018 **BlackRock MuniHoldings New Jersey Quality Fund, Inc.**

Fund Overview

BlackRock MuniHoldings New Jersey Quality Fund, Inc. s (MUJ) (the Fund) investment objective is to provide shareholders with current income exempt from U.S. federal income tax and New Jersey personal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from U.S federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and New Jersey personal income taxes. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. Under normal market conditions, the Fund invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. 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 objective will be achieved.

Fund Information

Symbol on NYSE	MUJ
Initial Offering Date	March 11, 1998
Yield on Closing Market Price as of January 31, 2018 ($13.62)[(a)]	5.24%
Tax Equivalent Yield[(b)]	10.43%
Current Monthly Distribution per Common Share[(c)]	$0.0595
Current Annualized Distribution per Common Share[(c)]	$0.7140
Economic Leverage as of January 31, 2018[(d)]	40%

(a) 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.

(b) Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 49.77%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

(c) The distribution rate is not constant and is subject to change.

(d) Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, 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 5.

Performance

Returns for the six months ended January 31, 2018 were as follows:

	Returns Based On	
	Market Price	*NAV*

MUJ[a][b]	(5.96)%	1.42%
Lipper New Jersey Municipal Debt Funds[c]	(5.19)	0.79

[a] All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
[b] The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.
[c] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

The following discussion relates to the Fund s absolute performance based on NAV:

U.S. municipal bonds produced generally flat returns during the period, with income offsetting a modest decline in prices. Stronger economic growth and concerns about emerging inflation pressures fueled expectations that the Fed would continue to tighten monetary policy, dampening returns across the fixed-income market.

New Jersey bonds outperformed the national market due in part to investors positive perception of legislation that redirected roughly $1 billion annually in lottery proceeds to the state s pension funds. The yield spreads on New Jersey tax-backed issues compressed significantly, making it the best performing sector held in the Fund during the past six months.

At the sector level, investments in tax-backed (state) and housing bonds contributed to performance. However, positions in the underperforming transportation sector detracted due to the sector s large weighting in the portfolio.

Positions in longer-term bonds, which strongly outpaced short-term issues, also contributed positively. Conversely, the Fund s holdings in short-term and intermediate bonds which are more sensitive to Fed policy lagged due to expectations for rising rates.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

Reinvestment had an adverse effect on the Fund s income, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at lower prevailing rates.

Higher-quality issues underperformed their lower-rated counterparts in the period, which was a headwind for the Fund given its emphasis on higher-quality market segments.

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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Fund Summary as of January 31, 2018 (continued) **BlackRock MuniHoldings New Jersey Quality Fund, Inc.**

Market Price and Net Asset Value Per Share Summary

	01/31/18	*07/31/17*	*Change*	*High*	*Low*
Market Price	$ 13.62	$ 14.88	(8.47)%	$ 14.95	$ 13.51
Net Asset Value	15.37	15.57	(1.28)	15.84	15.37

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

Overview of the Fund s Total Investments*

SECTOR ALLOCATION

Sector	*01/31/18*	*07/31/17*
Transportation	28%	27%
Education	19	20
State	18	19
County/City/Special District/School District	14	14
Health	12	12
Housing	4	4
Utilities	3	2
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

CALL/MATURITY SCHEDULE (c)

Calendar Year Ended December 31,	
2018	10%
2019	4
2020	8
2021	16
2022	8

(c) Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.
* Excludes short-term securities.

CREDIT QUALITY ALLOCATION (a)

Credit Rating	*01/31/18*	*07/31/17*
AAA/Aaa	7%	8%
AA/Aa	42	43
A	20	31
BBB/Baa	27	18
N/R	4(b)	

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. 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.

(b) The investment adviser evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of January 31, 2018, the market value of unrated securities deemed by the investment adviser to be investment grade represents 1% of the Fund s total investments.

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Fund Summary as of January 31, 2018 **BlackRock MuniYield Investment Quality Fund**

Fund Overview

BlackRock MuniYield Investment Quality Fund s (MFT) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax). Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. 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 objective will be achieved.

Fund Information

Symbol on NYSE	MFT
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of January 31, 2018 ($13.46)[a]	5.97%
Tax Equivalent Yield[b]	10.08%
Current Monthly Distribution per Common Share[c]	$0.0670
Current Annualized Distribution per Common Share[c]	$0.8040
Economic Leverage as of January 31, 2018[d]	42%

(a) 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.
(b) Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 40.8%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
(c) The distribution rate is not constant and is subject to change.
(d) Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOB Trusts, 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 5.

Performance

Returns for the six months ended January 31, 2018 were as follows:

	Returns Based On	
	Market Price	*NAV*
MFT[a][b]	(5.61)%	0.13%

Lipper General & Insured Municipal Debt Funds (Leveraged)[c]	(6.00)	0.50

[a] All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
[b] The Fund moved from a premium to NAV to a discount during the period, which accounts for the difference between performance based on market price and performance based on NAV.
[c] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

The following discussion relates to the Fund s absolute performance based on NAV:

U.S. municipal bonds produced generally flat returns during the period, with income offsetting a modest decline in prices. Stronger economic growth and concerns about emerging inflation pressures fueled expectations that the Fed would continue to tighten monetary policy, dampening returns across the fixed-income market.

Positions in single A and BBB rated securities, which outperformed higher-quality securities, contributed positively.

Positions in longer-dated securities contributed to performance, as yields on longer-maturity bonds rose less than those of short-term issues. (Prices and yields move in opposite directions.) In addition, longer-term debt generated higher income relative to other segments of the yield curve.

At the sector level, investments in transportation and utilities issues made the largest contribution to results.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The use of leverage helped performance by augmenting portfolio income, but it also exacerbated the impact of declining bond prices.

The Fund s bias toward higher-quality securities detracted from results as lower-rated securities outperformed the broader market in the period. Positions in shorter-dated and intermediate maturities, which underperformed relative to longer-maturity issues, also detracted.

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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Fund Summary as of January 31, 2018 (continued) **BlackRock MuniYield Investment Quality Fund**

Market Price and Net Asset Value Per Share Summary

	01/31/18	*07/31/17*	*Change*	*High*	*Low*
Market Price	$ 13.46	$ 14.67	(8.25)%	$ 15.32	$ 13.41
Net Asset Value	14.21	14.60	(2.67)	14.71	14.21

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

Overview of the Fund s Total Investments*

SECTOR ALLOCATION

Sector	*01/31/18*	*07/31/17*
Transportation	37%	39%
County/City/Special District/School District	17	17
Utilities	17	17
Health	11	11
State	9	7
Education	4	4
Housing	3	3
Tobacco	1	1
Corporate	1	1

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

CALL/MATURITY SCHEDULE (c)

Calendar Year Ended December 31,	
2018	8%
2019	24
2020	4
2021	19
2022	2

(c) Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

CREDIT QUALITY ALLOCATION [(a)]

Credit Rating	*01/31/18*	*07/31/17*
AAA/Aaa	6%	7%
AA/Aa	54	59
A	24	22
BBB/Baa	11	11
N/R[(b)]	5	1

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. 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.

(b) The investment adviser evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of January 31, 2018 and July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade each represents 1% of the Fund s total investments.

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Fund Summary as of January 31, 2018 **BlackRock MuniYield Michigan Quality Fund, Inc.**

Fund Overview

BlackRock MuniYield Michigan Quality Fund, Inc. s (MIY) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal and Michigan income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and Michigan income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. 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 objective will be achieved.

Fund Information

Symbol on NYSE	MIY
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of January 31, 2018 ($13.37)[a]	5.12%
Tax Equivalent Yield[b]	9.32%
Current Monthly Distribution per Common Share[c]	$0.0570
Current Annualized Distribution per Common Share[c]	$0.6840
Economic Leverage as of January 31, 2018[d]	39%

[a] 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.

[b] Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 45.05%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

[c] The distribution rate is not constant and is subject to change.

[d] Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, 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 5.

Performance

Returns for the six months ended January 31, 2018 were as follows:

	Returns Based On	
	Market Price	*NAV*
MIY[a][b]	(3.23)%	0.92%

Lipper Other States Municipal Debt Funds[c]	(4.74)	(0.22)

[a] All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
[b] The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.
[c] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

The following discussion relates to the Fund s absolute performance based on NAV:

U.S. municipal bonds produced generally flat returns during the period, with income offsetting a modest decline in prices. Stronger economic growth and concerns about emerging inflation pressures fueled expectations that the Fed would continue to tighten monetary policy, dampening returns across the fixed-income market.

Michigan municipal bonds outperformed the national market. There was a relative shortage of new issuance in the state compared to the nation as a whole, which led to a supportive supply-and-demand profile in the market. Michigan s economy continued to improve modestly. In addition, net migration turned positive in 2017 for the first time this decade, helping the state s population growth recover the losses of the prior decade.

Portfolio income, enhanced by leverage, made the largest contribution to performance at a time in which bond prices fell. However, the use of leverage also exacerbated the effect of market weakness.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

Exposure to lower-rated issues (those rated A and below) helped results as this market segment outperformed higher-rated bonds. The Fund s allocation to the education sector was also beneficial.

The Fund s positions in shorter-term bonds proved detrimental as rates increased the most in the two- to five-year portion of the yield curve. This allocation is largely comprised of advance-refunded bonds purchased in a higher-yield environment. Conversely, the Fund s exposure to the long end of the yield curve was beneficial as rates increased less in this area.

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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Fund Summary as of January 31, 2018 (continued) **BlackRock MuniYield Michigan Quality Fund, Inc.**

Market Price and Net Asset Value Per Share Summary

	01/31/18	*07/31/17*	*Change*	*High*	*Low*
Market Price	$ 13.37	$ 14.19	(5.78)%	$ 14.35	$ 13.34
Net Asset Value	15.21	15.48	(1.74)	15.63	15.21

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

Overview of the Fund s Total Investments*

SECTOR ALLOCATION

Sector	*01/31/18*	*07/31/17*
Health	26%	26%
Education	23	24
County/City/Special District/School District	19	17
State	11	11
Utilities	9	10
Transportation	6	7
Housing	4	3
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

CALL/MATURITY SCHEDULE (c)

Calendar Year Ended December 31,	
2018	12%
2019	5
2020	4
2021	17
2022	8

(c) Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.
* Excludes short-term securities.

CREDIT QUALITY ALLOCATION (a)

Credit Rating	*01/31/18*	*07/31/17*
AAA/Aaa	3%	5%
AA/Aa	66	64
A	26	26
BBB/Baa	3	3
N/R(b)	2	2

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. 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.

(b) The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of January 31, 2018 and July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade each represents 1% of the Fund s total investments.

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Fund Summary as of January 31, 2018 **BlackRock MuniYield Pennsylvania Quality Fund**

Fund Overview

BlackRock MuniYield Pennsylvania Quality Fund s (MPA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal and Pennsylvania income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and Pennsylvania income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. 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 objective will be achieved.

Fund Information

Symbol on NYSE	MPA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of January 31, 2018 ($13.98)[(a)]	5.35%
Tax Equivalent Yield[(b)]	9.53%
Current Monthly Distribution per Common Share[(c)]	$0.0623
Current Annualized Distribution per Common Share[(c)]	$0.7476
Economic Leverage as of January 31, 2018[(d)]	40%

(a) 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.

(b) Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 43.87%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

(c) The monthly distribution per Common Share, declared on March 1, 2018, was decreased to $0.0555 per share. The yield 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.

(d) Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, 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 5.

Performance

Returns for the six months ended January 31, 2018 were as follows:

	Returns Based On	
	Market Price	*NAV*
MPA[(a)(b)]	(2.32)%	0.55%
Lipper Pennsylvania Municipal Debt Funds[(c)]	(2.27)	(0.19)

(a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

(b) The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

(c) Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

The following discussion relates to the Fund s absolute performance based on NAV:

U.S. municipal bonds produced generally flat returns during the period, with income offsetting a modest decline in prices. Stronger economic growth and concerns about emerging inflation pressures fueled expectations that the Fed would continue to tighten monetary policy, dampening returns across the fixed-income market.

Pennsylvania continued to experience persistent structural budget gaps, which reflected lawmakers unwillingness to increase recurring revenues or significantly reduce expenses. In addition, the state s economy continued to grow more slowly than both the region and the nation as a whole. If the structural imbalance widens and lawmakers continue to use one-time measures rather than bringing the budget back into balance, Pennsylvania could face ratings pressure. Despite the unfavorable fundamental story, the state outpaced the national market due in part to the combination of low new-issue supply and strong investor demand.

At the sector level, positions in health care, education and transportation issues made the largest contributions to performance.

Positions in longer-term bonds also added value, as this segment strongly outperformed. Conversely, positions in short- and intermediate-maturity bonds detracted.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The Fund s holdings in short-term, pre-refunded bonds, while finishing in positive territory, lagged somewhat due to the premium amortization that occurred as the bonds approached their call and maturity dates. (When a bond s price trades at a premium over its face value, the difference is amortized over time. A premium occurs when the price of the bond has increased due to a decline in interest rates.)

The Fund s higher-quality bias was a headwind to results at a time in which lower-quality issues outperformed.

Reinvestment had an adverse effect on the Fund s income, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at lower prevailing rates.

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Fund Summary as of January 31, 2018 (continued) **BlackRock MuniYield Pennsylvania Quality Fund**

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Market Price and Net Asset Value Per Share Summary

	01/31/18	*07/31/17*	*Change*	*High*	*Low*
Market Price	$ 13.98	$ 14.69	(4.83)%	$ 14.88	$ 13.95
Net Asset Value	15.42	15.74	(2.03)	15.88	15.42

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

Overview of the Fund s Total Investments*

SECTOR ALLOCATION

Sector	*01/31/18*	*07/31/17*
Education	22%	22%
Health	19	20
County/City/Special District/School District	18	19
State	13	13
Transportation	13	12
Housing	8	7
Utilities	5	5
Corporate	2	