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MUNIASSETS FUND INC  
Form N-CSRS  
February 02, 2006

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 811-07642

Name of Fund: MuniAssets Fund, Inc.

Fund Address: P.O. Box 9011  
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
Officer, MuniAssets Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ  
08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 05/31/06

Date of reporting period: 06/01/05 - 11/30/05

Item 1 - Report to Stockholders

MuniAssets  
Fund, Inc.

Semi-Annual Report  
November 30, 2005

MuniAssets Fund, Inc.

Portfolio Information as of November 30, 2005

| Quality Ratings by<br>S&P/Moody's | Percent of<br>Total<br>Investments |
|-----------------------------------|------------------------------------|
| AAA/Aaa                           | 1.9%                               |
| A/A                               | 1.9                                |
| BBB/Baa                           | 20.2                               |
| BB/Ba                             | 20.2                               |
| B/B                               | 6.6                                |
| CCC/Caa                           | 3.3                                |
| NR (Not Rated)                    | 44.0                               |
| Other*                            | 1.9                                |

\* Includes portfolio holdings in variable rate demand notes, bond  
anticipation notes and short-term investments.

Dividend Policy

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The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets, Liabilities and Capital, which comprises part of the financial information included in this report.

### About Inverse Floaters

As a part of its investment strategy, the Fund may invest in certain securities whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Fund to the risks of reduced or eliminated interest payments and losses of invested principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed rate, tax-exempt securities. To the extent the Fund invests in inverse securities, the market value of the Fund's portfolio and the net asset value of the Fund's shares may also be more volatile than if the Fund did not invest in these securities. As of November 30, 2005, none of the Fund's total net assets were invested in inverse floaters.

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

### A Letter From the President

Dear Shareholder

As the financial markets continued to muddle their way through 2005, the Federal Reserve Board (the Fed) advanced its monetary tightening campaign full steam ahead. The 13th consecutive interest rate hike since June 2004 came on December 13, bringing the target federal funds rate to 4.25%. Oil prices, after reaching record highs on more than one occasion over the past several months, moderated somewhat by period-end, as did inflation expectations. Against this backdrop, most major market indexes managed to post positive results for the current reporting period:

| Total Returns as of November 30, 2005                           | 6-month | 12-month |
|---|---------|----------|
| U.S. equities (Standard & Poor's 500 Index)                     | + 5.88% | + 8.44%  |
| Small-cap U.S. equities (Russell 2000 Index)                    | +10.47  | + 8.14   |
| International equities (MSCI Europe Australasia Far East Index) | +11.23  | +13.25   |
| Fixed income (Lehman Brothers Aggregate Bond Index)             | - 0.48  | + 2.40   |
| Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)  | + 0.36  | + 3.88   |

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|  |        |        |
|--|--------|--------|
| High yield bonds (Credit Suisse First Boston High Yield Index) | + 2.33 | + 2.94 |
|--|--------|--------|

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With the kick-off of the holiday shopping season, attention turned to the consumer, who has remained resilient even amid high energy prices and rising interest rates. Some observers surmise that a slowdown in residential real estate may ultimately contribute to a weakening in consumer spending. At this juncture, the outlook remains unclear.

Equity markets moved sideways for much of 2005, notwithstanding a strong rally in the middle of the fourth quarter. Corporate earnings have continued to surprise on the upside and company profit margins remain high, as does productivity. On the other hand, high energy prices, more Fed interest rate hikes, a consumer slowdown and/or the potential for slower earnings growth pose the greatest risks to U.S. stocks. Internationally, many markets have benefited from strong economic statistics, trade surpluses and solid finances. Emerging markets have had a particularly strong year, partly reflecting high economic growth rates and positive financial reforms.

The bond market continued to be characterized by a flattening yield curve. The difference between the two-year and 10-year Treasury yield was just seven basis points (.07%) at period-end, compared to 40 basis points six months ago and 134 basis points 12 months ago.

Navigating the financial markets can be a challenge, particularly during uncertain times. With that in mind, we invite you to visit our online magazine at [www.mlim.ml.com/shareholdermagazine](http://www.mlim.ml.com/shareholdermagazine). Shareholder is a publication designed to provide insights on investing and timely "food for thought" for investors. We are pleased to make the magazine available online, where we are able to expand our reach in terms of content and readership.

As always, we thank you for trusting Merrill Lynch Investment Managers with your investment assets, and we look forward to serving you in the months and years ahead.

Sincerely,

/s/ Robert C. Doll, Jr.  
Robert C. Doll, Jr.  
President and Director

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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### A Discussion With Your Fund's Portfolio Manager

The Fund outperformed the Lipper High Yield Municipal Debt Funds category average for the period, as we continued our efforts to diversify the portfolio among sectors and issuers.

Describe the recent market environment relative to municipal bonds.

Over the past six months, long-term bond yields generally rose. Bond prices, which move opposite of yields, fell as investors focused on inflationary pressures, especially higher energy costs in the wake of the Gulf Coast hurricanes. A strengthening U.S. economy, which grew at a faster-than-expected 4.3% rate in the third quarter of 2005, added further to concerns.

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The Federal Reserve Board (the Fed) continued to raise short-term interest rates at each of its meetings during the period, lifting the federal funds target rate to 4% by period-end (and to 4.25% on December 13). With short-term interest rates increasing more than long-term rates, the yield curve continued to flatten.

During the past six months, 10-year Treasury note yields rose 49 basis points (.49%) to 4.49%, while 30-year U.S. Treasury yields rose 37 basis points to 4.69%. Tax-exempt bond yields exhibited a similar pattern during the period. According to Municipal Market Data, the yield on AAA-rated issues maturing in 30 years increased 29 basis points to 4.55%, while the yield on AAA-rated issues maturing in 10 years rose 38 basis points to 3.87%.

Historically low nominal tax-exempt bond yields continued to encourage municipalities to issue new debt and refund outstanding, higher-coupled issues. During the past six months, almost \$207 billion in new municipal bonds was underwritten, a 16.8% increase compared to issuance during the same six months of 2004. Year-to-date through November 30, the volume of refunding issues increased by more than 44% on a year-over-year basis. Refunding issues were heavily weighted in the 10-year - 20-year maturity range, putting pressure on intermediate tax-exempt bond yields while supporting longer-term bond prices.

Investor demand for municipal product remained positive during much of the period. The most current statistics from the Investment Company Institute indicate that, year-to-date through October 2005, net new cash flows into long-term municipal bond funds exceeded \$6.9 billion -- a significant improvement from the \$12.7 billion net outflow seen during the same period in 2004. Solid investor demand enabled municipal bonds to perform generally in line with their taxable counterparts, reversing some of their recent underperformance. We believe that attractive yield ratios relative to taxable bonds should continue to attract both traditional and non-traditional investors to the municipal marketplace, especially if municipal bond issuance remains manageable.

The communities shattered by Hurricanes Katrina and Rita will require extensive reconstruction. It is too early, however, to estimate of the amount of tax-exempt debt that may be required to finance these efforts or assess the overall impact on the municipal market. However, much of the rebuilding is likely to be funded through federal loans and grants, and the reconstruction will likely be spread over a number of years. Consequently, any new municipal bond issuance prompted by the hurricanes is not likely to disrupt the tax-exempt market in the near future.

How did the Fund perform during the period in light of the existing market conditions?

For the six-month period ended November 30, 2005, the Common Stock of MuniAssets Fund, Inc. had net annualized yields of 6.14% and 6.02%, based on a period-end per share net asset value of \$13.44 and a per share market price of \$13.72, respectively, and \$.414 per share income dividends. Over the same period, the total investment return on the Fund's Common Stock was +3.42%, based on a change in per share net asset value from \$13.40 to \$13.44, and assuming reinvestment of all distributions.

The Fund's total return, based on net asset value, exceeded the +1.87% average return of the Lipper High Yield Municipal Debt Funds category for the six-month period. (Funds in this Lipper category invest at least 50% of their assets in lower-rated municipal debt issues.) The relative outperformance is largely attributable to our continued above-market exposure to industrial development bonds as well as tax-backed revenue bonds, both of which benefited from the ongoing contraction of credit spreads. In addition, our below-market exposure to the poor-performing multi-family housing sector contributed to relative

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performance. This sector historically experiences the highest default rate in the high yield tax-exempt arena, and our underweighting versus many of our competitors proved to be an important factor in the Fund's outperformance.

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

A noteworthy development in the past six months was the underperformance of airline-backed debt, a sector the Fund has overweighted and that contributed positively to performance in prior periods. The sector has lagged recently, largely due to bankruptcy declarations by both Delta Air Lines, Inc. and Northwest Airlines Corporation. While the Fund had no exposure to either of these carriers, the collateral effects of the bankruptcy filings on other airlines, such as American Airlines, Inc. and Continental Airlines, Inc., proved detrimental over the past six months. Nevertheless, the strong performance from our industrial development bonds and tax-backed revenue bonds handily offset the negative impact of our airline-related investments.

For a description of the Fund's total investment return based on a change in the per share market value of the Fund's Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of dividends, please refer to the Financial Highlights section of this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Stock can vary significantly from total investment returns based on changes in the Fund's net asset value.

What changes were made to the portfolio during the period?

As the market provided opportunities, we continued to trim the Fund's overweight exposure to corporate-related debt -- the industrial development bonds that have outperformed. In particular, we reduced positions in the chemicals, tobacco and forest products industries. We also had started to pare back exposure to airlines prior to the recent decline in that sector. We have placed those efforts on hold for now as we await better times, which would allow us to exit our airline-related investments at more attractive levels.

The six-month period also brought the early redemption of one of the Fund's most significant holdings -- an industrial development bond backed by a full-service agricultural company known as Conti Group. Representing approximately 2.7% of the portfolio's net assets, the bond was one of the Fund's largest and longest-held investments. Proceeds from the redemption were invested in the health care and hotels and lodging sectors, both of which we find to exhibit stable credit outlooks.

How would you characterize the Fund's position at the close of the period?

Looking ahead, we expect to make further progress in reducing our overweight position in industrial development bonds. A recovery in the airline sector would likely prompt renewed efforts to trim exposure there as well.

Given the extent to which credit spreads have contracted over the better part of the past two years - three years, we are finding fewer compelling investment opportunities in the high yield investment arena. Having said that, we continue to use that dynamic to trim the portfolio's weaker holdings and believe we have made significant strides in that respect over the course of the past six months. At the same time, we continue to scour the market for suitable opportunities in an effort to provide our shareholders with an attractive level of income and enhance Fund returns over time.

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Theodore R. Jaeckel Jr., CFA  
 Vice President and Portfolio Manager

December 13, 2005

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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Schedule of Investments

(in Thousands)

| Face<br>Amount   | Municipal Bonds   | Value    |
|------------------|---|----------|
| =====            |   |          |
| Alabama--1.6%    |   |          |
| \$ 2,420         | Brewton, Alabama, IDB, PCR, Refunding (Container Corporation of America--Jefferson Smurfit Corp. Project), 8% due 4/01/2009     | \$ 2,478 |
| 1,800            | Sylacauga, Alabama, Health Care Authority Revenue Bonds (Coosa Valley Medical Center), Series A, 6% due 8/01/2035               | 1,806    |
| =====            |   |          |
| Alaska--0.5%     |   |          |
| 1,290            | Alaska Industrial Development and Export Authority Revenue Bonds (Williams Lynxs Alaska Cargoport), AMT, 7.80% due 5/01/2014    | 1,249    |
| =====            |   |          |
| Arizona--6.6%    |   |          |
|                  | Coconino County, Arizona, Pollution Control Corporation Revenue Refunding Bonds (Tucson Electric Power--Navajo):                |          |
| 3,000            | AMT, Series A, 7.125% due 10/01/2032  | 3,148    |
| 2,500            | Series B, 7% due 10/01/2032   | 2,598    |
| 1,425            | Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project 1), Series A, 6.625% due 7/01/2020      | 1,429    |
| 1,615            | Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (Sun King Apartments Project), Series A, 6.75% due 5/01/2031           | 1,371    |
| 7,600            | Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding Bonds (America West Airlines Inc. Project), AMT, 6.30% due 4/01/2023 | 5,571    |
| 1,420            | Pima County, Arizona, IDA, Education Revenue Bonds: (Arizona Charter Schools Project), Series E, 7.25% due 7/01/2031            | 1,534    |
| 1,000            | (Arizona Charter Schools Project II), Series A, 6.75% due 7/01/2031   | 1,047    |
| 1,320            | Show Low, Arizona, Improvement District No. 5, Special Assessment Bonds, 6.375% due 1/01/2015                                   | 1,366    |
| =====            |   |          |
| California--2.8% |   |          |
|                  | California State, Various Purpose, GO:  |          |
| 1,900            | 5.25% due 11/01/2025  | 2,007    |
| 1,300            | 5.50% due 11/01/2033  | 1,397    |
| 1,320            | Fontana, California, Special Tax, Refunding (Community Facilities District Number 22--Sierra), 6% due 9/01/2034                 | 1,382    |
| 2,620            | Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds,                                |          |

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|                   |   |       |
|-------------------|---|-------|
|                   | Series B, 5.50% due 6/01/2013 (b)   | 2,900 |
| =====             |   |       |
| Colorado--6.9%    |   |       |
| 2,000             | Denver, Colorado, City and County Airport Revenue Bonds, AMT, Series D, 7.75% due 11/15/2013 (a)  | 2,339 |
|                   | Denver, Colorado, Urban Renewal Authority, Tax Increment Revenue Bonds (Pavilions), AMT:  |       |
| 2,295             | 7.75% due 9/01/2016   | 2,387 |
| 3,000             | 7.75% due 9/01/2017   | 3,117 |
|                   | Elk Valley, Colorado, Public Improvement Revenue Bonds (Public Improvement Fee):  |       |
| 1,690             | Series A, 7.10% due 9/01/2014   | 1,811 |
| 2,095             | Series A, 7.30% due 9/01/2022   | 2,238 |
| 800               | Series B, 7% due 9/01/2031  | 819   |
| 1,760             | North Range, Colorado, Metropolitan District Number 1, GO, 7.25% due 12/15/2031   | 1,857 |
| 2,850             | Plaza Metropolitan District Number 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees), 8% due 12/01/2025                     | 3,135 |
| 1,170             | Southlands, Colorado, Medical District, GO (Metropolitan District Number 1), 7.125% due 12/01/2034  | 1,272 |
| =====             |   |       |
| Connecticut--3.2% |   |       |
| 2,350             | Bridgeport, Connecticut, Senior Living Facilities Revenue Bonds (3030 Park Retirement Community Project), 7.25% due 4/01/2035                 | 1,983 |
| 680               | Connecticut State Development Authority, Airport Facility Revenue Bonds (LearJet Inc. Project), AMT, 7.95% due 4/01/2026                      | 812   |
| 3,490             | Connecticut State Development Authority, IDR (AFCO Cargo BDL-LLC Project), AMT, 8% due 4/01/2030  | 3,775 |
| 2,330             | New Haven, Connecticut, Facility Revenue Bonds (Hill Health Corporation Project), 9.25% due 5/01/2017   | 2,338 |
| =====             |   |       |
| Florida--5.5%     |   |       |
| 715               | Arbor Greene Community Development District, Florida, Special Assessment Revenue Bonds, 7.60% due 5/01/2018                                   | 743   |
| 1,130             | Capital Projects Finance Authority, Florida, Continuing Care Retirement Revenue Bonds (Glenridge on Palmer Ranch), Series A, 8% due 6/01/2032 | 1,248 |
| 495               | Harbor Bay, Florida, Community Development District, Capital Improvement Special Assessment Revenue Bonds, Series A, 7% due 5/01/2033         | 535   |
| 2,000             | Hillsborough County, Florida, IDA, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT, Series A, 7.125% due 4/01/2030             | 2,222 |
| 3,255             | Midtown Miami, Florida, Community Development District, Special Assessment Revenue Bonds, Series A, 6.25% due 5/01/2037                       | 3,447 |
| 1,180             | Orlando, Florida, Greater Orlando Aviation Authority, Airport Facilities Revenue Bonds (JetBlue Airways Corp.), AMT, 6.375% due 11/15/2026    | 1,141 |
| 2,305             | Orlando, Florida, Urban Community Development District, Capital Improvement Special Assessment Bonds, Series A, 6.95% due 5/01/2033           | 2,490 |
| 2,400             | Santa Rosa Bay Bridge Authority, Florida, Revenue Bonds, 6.25% due 7/01/2028  | 2,412 |
| 925               | Waterchase, Florida, Community Development District, Capital Improvement Revenue Bonds, Series A, 6.70% due 5/01/2032                         | 987   |

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### Portfolio Abbreviations

To simplify the listings of MuniAssets Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list at right.

|      |                                      |
|------|--------------------------------------|
| AMT  | Alternative Minimum Tax (subject to) |
| BAN  | Bond Anticipation Notes              |
| EDA  | Economic Development Authority       |
| GO   | General Obligation Bonds             |
| IDA  | Industrial Development Authority     |
| IDB  | Industrial Development Board         |
| IDR  | Industrial Development Revenue Bonds |
| M/F  | Multi-Family                         |
| PCR  | Pollution Control Revenue Bonds      |
| VRDN | Variable Rate Demand Notes           |

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

Schedule of Investments (continued)

(in Thousands)

| Face<br>Amount | Municipal Bonds  | Value    |
|----------------|--|----------|
| =====          |  |          |
| Georgia--3.4%  |  |          |
|                | Atlanta, Georgia, Tax Allocation Bonds:  |          |
| \$ 3,000       | (Atlantic Station Project), 7.90% due 12/01/2024   | \$ 3,242 |
| 590            | (Eastside Project), Series B, 5.40% due 1/01/2020  | 601      |
|                | Brunswick & Glynn County, Georgia, Development Authority, First Mortgage Revenue Bonds (Coastal Community Retirement Corporation Project), Series A: |          |
| 1,165          | 7.125% due 1/01/2025   | 1,219    |
| 1,690          | 7.25% due 1/01/2035  | 1,766    |
| 200            | Burke County, Georgia, Development Authority, PCR, Refunding (Oglethorpe Power Corporation), VRDN, Series B, 3% due 1/01/2020 (a) (d)                | 200      |
| 1,060          | Fulton County, Georgia, Development Authority, PCR (General Motors Corporation), Refunding, VRDN, 6.75% due 4/01/2010 (d)                            | 1,060    |
| 1,170          | Savannah, Georgia, EDA, Revenue Bonds (Marshes of Skidaway), First Mortgage, Series A, 7.40% due 1/01/2034   | 1,226    |
| =====          |  |          |
| Idaho--0.4%    |  |          |
| 1,000          | Idaho Health Facilities Authority, Revenue Refunding Bonds (Valley Vista Care Corporation), Series A, 7.75% due 11/15/2016                           | 1,016    |
| =====          |  |          |
| Illinois--7.3% |  |          |
| 2,630          | Caseyville, Illinois, Senior Tax Increment Revenue Bonds (Forest Lakes Project), 7% due 12/30/2022   | 2,759    |
| 4,000          | Chicago, Illinois, O'Hare International Airport, Special Facility Revenue Refunding Bonds (American Airlines Inc. Project), 8.20% due 12/01/2024     | 3,470    |
|                | Illinois Development Finance Authority Revenue   |          |



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|       |                     |   |       |
|-------|---------------------|---|-------|
|       |                     | Bonds (Primary Health Care Centers Facilities Acquisition Program):   |       |
| 290   |                     | 7.50% due 12/01/2006  | 295   |
| 60    |                     | 7.50% due 12/01/2006 (c)  | 61    |
| 475   |                     | 7.75% due 12/01/2006 (b)  | 503   |
| 2,720 |                     | 7.75% due 12/01/2016  | 2,828 |
|       |                     | Illinois State Finance Authority Revenue Bonds:   |       |
| 2,950 |                     | (Clare At Water Tower Project), Series A, 6.125% due 5/15/2038  | 2,938 |
| 600   |                     | (Landing At Plymouth Place Project), Series A, 6% due 5/15/2037   | 595   |
| 685   |                     | (Primary Health Care Centers Program), 6.60% due 7/01/2024  | 699   |
| 1,070 |                     | Lincolnshire, Illinois, Special Service Area No. 1, Special Tax Bonds (Sedgebrook Project), 6.25% due 3/01/2034   | 1,133 |
| 2,600 |                     | Lombard, Illinois, Public Facilities Corporation, First Tier Revenue Bonds (Conference Center and Hotel), Series A-1, 7.125% due 1/01/2036  | 2,718 |
| 1,165 |                     | Naperville, Illinois, IDR (General Motors Corporation), Refunding, VRDN, 6.75% due 12/01/2012 (d)   | 1,165 |
| 825   |                     | Village of Wheeling, Illinois, Revenue Bonds (North Milwaukee/Lake-Cook Tax Increment Financing (TIF) Redevelopment Project), 6% due 1/01/2025  | 811   |
| ===== |                     |   |       |
|       | Iowa--1.0%          |   |       |
| 2,235 |                     | Iowa Finance Authority, Health Care Facilities, Revenue Refunding Bonds (Care Initiatives Project), 9.25% due 7/01/2025   | 2,717 |
| ===== |                     |   |       |
|       | Kansas--0.5%        |   |       |
| 1,770 |                     | Wyandotte County, Kansas, Kansas City Unified Government Revenue Refunding Bonds (General Motors Corporation Project), 6% due 6/01/2025   | 1,367 |
| ===== |                     |   |       |
|       | Kentucky--0.7%      |   |       |
| 2,850 |                     | Kenton County, Kentucky, Airport Board, Special Facilities Revenue Bonds (Mesaba Aviation Inc. Project), AMT, Series A, 6.70% due 7/01/2029   | 1,954 |
| ===== |                     |   |       |
|       | Louisiana--1.4%     |   |       |
| 1,870 |                     | Louisiana Public Facilities Authority, Hospital Revenue Bonds (Franciscan Missionaries of Our Lady Health System, Inc.), Series A, 5.25% due 8/15/2036                                  | 1,906 |
| 1,860 |                     | New Orleans, Louisiana, Sewer Service Revenue Notes, BAN, 8.357% due 7/26/2006  | 1,795 |
| ===== |                     |   |       |
|       | Maine--0.4%         |   |       |
| 1,160 |                     | Maine Finance Authority, Solid Waste Recycling Facilities Revenue Bonds (Great Northern Paper Project--Bowater), AMT, 7.75% due 10/01/2022  | 1,179 |
| ===== |                     |   |       |
|       | Maryland--1.7%      |   |       |
| 1,910 |                     | Maryland State Economic Development Corporation Revenue Refunding Bonds (Baltimore Association for Retarded Citizens--Health and Mental Hygiene Program), Series A, 7.75% due 3/01/2025 | 2,031 |
| 2,500 |                     | Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration -- AES Warrior Run), AMT, 7.40% due 9/01/2019  | 2,536 |
| ===== |                     |   |       |
|       | Massachusetts--1.8% |   |       |

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|                   |   |       |
|-------------------|---|-------|
| 1,680             | Massachusetts State Development Finance Agency,<br>Revenue Refunding Bonds (Eastern Nazarene<br>College), 5.625% due 4/01/2029                                | 1,663 |
| 1,150             | Massachusetts State Health and Educational Facilities<br>Authority Revenue Bonds (Jordan Hospital), Series E,<br>6.75% due 10/01/2033                         | 1,248 |
| 2,045             | Massachusetts State Health and Educational Facilities<br>Authority, Revenue Refunding Bonds (Bay Cove Human<br>Services Issue), Series A, 5.90% due 4/01/2028 | 2,054 |
| =====             |   |       |
| Michigan--0.6%    |   |       |
| 1,635             | Macomb County, Michigan, Hospital Finance Authority,<br>Hospital Revenue Bonds (Mount Clemens General<br>Hospital), Series B, 5.875% due 11/15/2034           | 1,654 |
| =====             |   |       |
| Minnesota--0.8%   |   |       |
| 1,770             | Saint Paul, Minnesota, Port Authority, Hotel Facility,<br>Revenue Refunding Bonds (Radisson Kellogg<br>Project), Series 2, 7.375% due 8/01/2029               | 1,845 |
| 440               | Virginia, Minnesota, Housing and Redevelopment<br>Authority, Health Care Facility Lease Revenue<br>Bonds, 5.25% due 10/01/2025                                | 449   |
| =====             |   |       |
| Missouri--0.8%    |   |       |
| 120               | Fenton, Missouri, Tax Increment Revenue Refunding and<br>Improvement Bonds (Gravois Bluffs):<br>6.75% due 10/01/2015  | 120   |
| 1,000             | 7% due 10/01/2021   | 1,070 |
| 1,000             | Kansas City, Missouri, IDA, First Mortgage Health<br>Facilities Revenue Bonds (Bishop Spencer Place),<br>Series A, 6.50% due 1/01/2035                        | 1,047 |
| =====             |   |       |
| Nevada--0.2%      |   |       |
| 650               | Clark County, Nevada, Improvement District No. 142<br>Special Assessment, 6.375% due 8/01/2023  | 672   |
| =====             |   |       |
| New Jersey--15.6% |   |       |
| 5,600             | Camden County, New Jersey, Improvement Authority,<br>Lease Revenue Bonds (Holt Hauling & Warehousing),<br>AMT, Series A (f) (g):<br>9.625% due 1/01/2011      | 727   |
| 5,800             | 9.875% due 1/01/2021  | 753   |

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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Schedule of Investments (continued)

(in Thousands)

| Face<br>Amount         | Municipal Bonds  | Value  |
|------------------------|--|--------|
| =====                  |  |        |
| New Jersey (concluded) |  |        |
| \$ 325                 | Camden County, New Jersey, Pollution Control<br>Financing Authority, Solid Waste Resource Recovery,<br>Revenue Bonds, Series D, 7.25% due 12/01/2010 | \$ 328 |
|                        | Camden County, New Jersey, Pollution Control<br>Financing Authority, Solid Waste Resource Recovery,  |        |

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|                      |   |       |
|----------------------|---|-------|
|                      | Revenue Refunding Bonds, AMT:   |       |
| 9,000                | Series A, 7.50% due 12/01/2010  | 9,164 |
| 765                  | Series B, 7.50% due 12/01/2009  | 779   |
| 3,065                | New Jersey EDA, Cigarette Tax Revenue Bonds,<br>5.50% due 6/15/2024   | 3,181 |
| 2,500                | New Jersey EDA, IDR, Refunding (Newark Airport<br>Marriott Hotel), 7% due 10/01/2014  | 2,576 |
|                      | New Jersey EDA, Retirement Community<br>Revenue Bonds, Series A:  |       |
| 1,665                | (Cedar Crest Village Inc. Facility), 7.25%<br>due 11/15/2021  | 1,817 |
| 5,800                | (Seabrook Village Inc.), 8.125% due 11/15/2023  | 6,561 |
|                      | New Jersey EDA, Special Facility Revenue Bonds<br>(Continental Airlines Inc. Project) AMT:  |       |
| 2,000                | 6.25% due 9/15/2019   | 1,731 |
| 4,650                | 6.25% due 9/15/2029   | 3,845 |
| 1,250                | 9% due 6/01/2033  | 1,297 |
| 2,650                | New Jersey Health Care Facilities Financing Authority<br>Revenue Bonds (Pascack Valley Hospital Association),<br>6.625% due 7/01/2036                     | 2,713 |
| 1,500                | New Jersey Health Care Facilities Financing Authority,<br>Revenue Refunding Bonds (Trinitas Hospital<br>Obligation Group), 7.40% due 7/01/2020            | 1,683 |
|                      | Tobacco Settlement Financing Corporation of New<br>Jersey, Asset-Backed Revenue Bonds:  |       |
| 4,115                | 5.75% due 6/01/2032   | 4,211 |
| 1,425                | 7% due 6/01/2041  | 1,618 |
| =====                |   |       |
| New Mexico--0.9%     |   |       |
| 2,500                | Farmington, New Mexico, PCR, Refunding (Tucson<br>Electric Power Co.--San Juan Project), Series A,<br>6.95% due 10/01/2020                                | 2,607 |
| =====                |   |       |
| New York--5.3%       |   |       |
| 1,400                | Dutchess County, New York, IDA, Civic Facility Revenue<br>Refunding Bonds (Saint Francis Hospital), Series A,<br>7.50% due 3/01/2029                      | 1,520 |
|                      | New York City, New York, City IDA, Civic Facility<br>Revenue Bonds:   |       |
| 510                  | Series C, 6.80% due 6/01/2028   | 548   |
| 2,715                | (Special Needs Facilities Pooled Program),<br>Series C-1, 6.625% due 7/01/2029  | 2,576 |
| 2,400                | New York City, New York, City IDA, Special Facility<br>Revenue Bonds (British Airways PLC Project), AMT,<br>7.625% due 12/01/2032                         | 2,578 |
| 2,920                | New York State Dormitory Authority, Non-State<br>Supported Debt, Revenue Bonds (Mount Sinai-NYU<br>Medical Center Health System), 5.50% due 7/01/2026     | 2,953 |
| 2,635                | New York State Dormitory Authority, Non-State<br>Supported Debt, Revenue Refunding Bonds (Mount<br>Sinai Hospital), Series C, 5.50% due 7/01/2026         | 2,664 |
| 1,575                | Westchester County, New York, IDA, Continuing Care<br>Retirement, Mortgage Revenue Bonds (Kendal on<br>Hudson Project), Series A, 6.50% due 1/01/2034     | 1,673 |
| =====                |   |       |
| North Carolina--0.6% |   |       |
| 1,500                | North Carolina Medical Care Commission, Retirement<br>Facilities, First Mortgage Revenue Bonds (Givens<br>Estates Project), Series A, 6.50% due 7/01/2032 | 1,601 |
| =====                |   |       |
| Oregon--0.8%         |   |       |
|                      | Western Generation Agency, Oregon, Cogeneration   |       |

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|                      |  |       |
|----------------------|--|-------|
|                      | Project Revenue Bonds (Wauna Cogeneration Project):  |       |
| 1,440                | AMT, Series B, 7.40% due 1/01/2016   | 1,460 |
| 700                  | Series A, 7.125% due 1/01/2021   | 709   |
| =====                |  |       |
| Pennsylvania--5.4%   |  |       |
| 2,330                | Montgomery County, Pennsylvania, IDA, Revenue Bonds<br>(Whitemarsh Continuing Care Project), 6.125%<br>due 2/01/2028   | 2,418 |
| 3,250                | Pennsylvania Economic Development Financing<br>Authority, Exempt Facilities Revenue Bonds (National<br>Gypsum Company), AMT, Series A, 6.25%<br>due 11/01/2027             | 3,463 |
| 2,270                | Philadelphia, Pennsylvania, Authority for IDR (Air Cargo),<br>AMT, Series A, 7.50% due 1/01/2025   | 2,417 |
| 6,440                | Philadelphia, Pennsylvania, Authority for IDR,<br>Commercial Development, 7.75% due 12/01/2017   | 6,517 |
| =====                |  |       |
| Rhode Island--1.0%   |  |       |
| 2,495                | Central Falls, Rhode Island, Detention Facility<br>Corporation, Detention Facility, Revenue Refunding<br>Bonds, 7.25% due 7/15/2035  | 2,676 |
| =====                |  |       |
| South Carolina--1.8% |  |       |
| 3,500                | South Carolina Jobs, EDA, Economic Development<br>Revenue Bonds (Westminster Presbyterian Center),<br>7.75% due 11/15/2030   | 4,149 |
| 885                  | South Carolina Jobs, EDA, Economic Development<br>Revenue Refunding Bonds (Westminster Presbyterian<br>Center), 5.375% due 11/15/2030                                      | 863   |
| =====                |  |       |
| Tennessee--0.9%      |  |       |
| 2,500                | Shelby County, Tennessee, Health, Educational and<br>Housing Facilities Board Revenue Bonds (Germantown<br>Village), Series A, 7.25% due 12/01/2034                        | 2,548 |
| =====                |  |       |
| Texas--7.2%          |  |       |
| 1,000                | Austin, Texas, Convention Center Revenue Bonds<br>(Convention Enterprises Inc.), First Tier, Series A,<br>6.70% due 1/01/2028  | 1,068 |
| 2,550                | Brazos River Authority, Texas, PCR, Refunding AMT:<br>(Texas Utility Company), Series A, 7.70%<br>due 4/01/2033  | 2,984 |
| 3,865                | (Utilities Electric Company), Series B, 5.05%<br>due 6/01/2030   | 3,892 |
| 1,680                | Brazos River Authority, Texas, Revenue Refunding Bonds<br>(Reliant Energy Inc. Project), Series B, 7.75%<br>due 12/01/2018   | 1,844 |
| 2,340                | Grand Prairie, Texas, Housing Finance Corporation<br>Revenue Bonds (Independent Senior Living Center),<br>7.75% due 1/01/2034  | 2,431 |
| 1,400                | Houston, Texas, Health Facilities Development<br>Corporation, Retirement Facility Revenue Bonds<br>(Buckingham Senior Living Community), Series A,<br>7.125% due 2/15/2034 | 1,528 |
| 750                  | Kerrville, Texas, Health Facilities Development<br>Corporation, Hospital Revenue Bonds (Sid Peterson<br>Memorial Hospital Project), 5.375% due 8/15/2035                   | 748   |
| 3,190                | Matagorda County, Texas, Navigation District Number 1,<br>Revenue Refunding Bonds (Reliant Energy Inc.),<br>Series C, 8% due 5/01/2029                                     | 3,467 |

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

Schedule of Investments (concluded)

(in Thousands)

| Face<br>Amount            | Municipal Bonds   | Value    |
|---------------------------|---|----------|
| =====                     |   |          |
| Texas (concluded)         |   |          |
| \$ 1,860                  | Port Corpus Christi, Texas, Individual Development Corporation, Environmental Facilities Revenue Bonds (Citgo Petroleum Corporation Project), AMT, 8.25% due 11/01/2031 | \$ 1,966 |
| =====                     |   |          |
| Utah--0.6%                |   |          |
| 1,660                     | Carbon County, Utah, Solid Waste Disposal, Revenue Refunding Bonds (Laidlaw Environmental), AMT, Series A, 7.45% due 7/01/2017  | 1,757    |
| =====                     |   |          |
| Virginia--8.3%            |   |          |
| 1,500                     | Dulles Town Center, Virginia, Community Development Authority, Special Assessment Tax (Dulles Town Center Project), 6.25% due 3/01/2026                                 | 1,581    |
| 48,400                    | Pocahontas Parkway Association, Virginia, Toll Road Revenue Bonds, Capital Appreciation, Senior-Series B: 5.95%** due 8/15/2031   | 10,976   |
| 48,400                    | 5.95%** due 8/15/2032   | 10,351   |
| =====                     |   |          |
| West Virginia--0.5%       |   |          |
| 1,320                     | Princeton, West Virginia, Hospital Revenue Refunding Bonds (Community Hospital Association Inc. Project), 6% due 5/01/2019  | 1,232    |
| =====                     |   |          |
| Wisconsin--0.7%           |   |          |
| 1,855                     | Wisconsin State Health and Educational Facilities Authority Revenue Bonds (New Castle Place Project), Series A, 7% due 12/01/2031                                       | 1,910    |
| =====                     |   |          |
| Wyoming--0.9%             |   |          |
| 2,500                     | Sweetwater County, Wyoming, Solid Waste Disposal Revenue Bonds (FMC Corporation Project), AMT, Series A, 7% due 6/01/2024   | 2,517    |
| =====                     |   |          |
| U.S. Virgin Islands--1.2% |   |          |
| 3,000                     | Virgin Islands Government Refinery Facilities, Revenue Refunding Bonds (Hovenssa Coker Project), AMT, 6.50% due 7/01/2021   | 3,383    |
| -----                     |   |          |
|                           | Total Municipal Bonds<br>(Cost--\$272,198)--99.8%   | 274,562  |
| =====                     |   |          |

| Shares<br>Held | Short-Term Securities                           |     |
|----------------|---|-----|
| =====          |   |     |
| 901            | Merrill Lynch Institutional Tax-Exempt Fund (e) | 901 |

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|  |           |
|--|-----------|
| Total Short-Term Securities<br>(Cost--\$901)--0.3% | 901       |
| =====  |           |
| Total Investments<br>(Cost--\$273,099*)--100.1%    | 275,463   |
| Liabilities in Excess of Other Assets--(0.1%)      | (290)     |
| -----  |           |
| Net Assets--100.0%                                 | \$275,173 |
| =====  |           |

\* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2005, as computed for federal income tax purposes, were as follows:

|                                     |           |
|-------------------------------------|-----------|
| Aggregate cost .....                | \$272,773 |
|                                     | =====     |
| Gross unrealized appreciation ..... | \$ 17,057 |
| Gross unrealized depreciation ..... | (14,367)  |
|                                     | -----     |
| Net unrealized appreciation .....   | \$ 2,690  |
|                                     | =====     |

\*\* Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase.

- (a) AMBAC Insured.
- (b) Prerefunded.
- (c) Escrowed to maturity.
- (d) Security may have a maturity of more than one year at time of issuance, but has variable rate and demand features that qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.
- (e) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate                                   | Net<br>Activity | Dividend<br>Income |
|---|-----------------|--------------------|
| -----                                       |                 |                    |
| Merrill Lynch Institutional Tax-Exempt Fund | 901             | \$1                |
| -----                                       |                 |                    |

- (f) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
- (g) Restricted securities as to resale, representing 0.5% of net assets, were as follows:

| Issue   | Acquisition<br>Date(s) | Cost     | Value  |
|---|------------------------|----------|--------|
| -----   |                        |          |        |
| Camden County, New Jersey,<br>Improvement Authority, Lease<br>Revenue Bonds (Holt Hauling &<br>Warehousing), AMT, Series A,<br>9.625% due 1/01/2011 | 1/29/1997              | \$ 5,925 | \$ 727 |
| Camden County, New Jersey,<br>Improvement Authority, Lease  |                        |          |        |

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|   |                     |          |         |
|---|---------------------|----------|---------|
| Revenue Bonds (Holt Hauling & Warehousing), AMT, Series A, 9.875% due 1/01/2021 | 2/06/1996-1/29/1997 | 5,944    | 753     |
| -----   |                     |          |         |
| Total   |                     | \$11,869 | \$1,480 |
|   |                     | =====    | =====   |

See Notes to Financial Statements.

MUNIASSETS FUND, INC. NOVEMBER 30, 2005 9

Statement of Assets, Liabilities and Capital

As of November 30, 2005

Assets

|   |  |
|---|--|
| Investments in unaffiliated securities, at value (identified cost--\$272,197,929) ..... |  |
| Investments in affiliated securities, at value (identified cost--\$901,260) .....       |  |
| Cash .....  |  |
| Receivables:  |  |
| Interest .....  |  |
| Securities sold .....   |  |
| Prepaid expenses and other assets .....   |  |
| Total assets .....  |  |

Liabilities

|                                 |  |
|---------------------------------|--|
| Payables:                       |  |
| Securities purchased .....      |  |
| Investment adviser .....        |  |
| Other affiliates .....          |  |
| Dividends to shareholders ..... |  |
| Accrued expenses .....          |  |
| Total liabilities .....         |  |

Net Assets

|                  |  |
|------------------|--|
| Net Assets ..... |  |
|------------------|--|

Capital

|  |  |
|--|--|
| Common Stock, par value \$.10 per share; 200,000,000 shares authorized; 20,474,603 shares issued and outstanding ..... |  |
| Paid-in capital in excess of par .....   |  |
| Undistributed investment income--net .....   |  |
| Accumulated realized capital losses--net .....   |  |
| Unrealized appreciation--net .....   |  |

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Total accumulated losses--net .....

Total capital--Equivalent to \$13.44 net asset value per share of  
Common Stock (market price--\$13.72) .....

See Notes to Financial Statements.

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Statement of Operations

For the Six Months Ended November 30, 2005

Investment Income

Interest and amortization of premium and discount earned .....

Dividends from affiliates .....

Total income .....

Expenses

Investment advisory fees .....

Accounting services .....

Transfer agent fees .....

Professional fees .....

Printing and shareholder reports .....

Directors' fees and expenses .....

Listing fees .....

Pricing fees .....

Custodian fees .....

Other .....

Total expenses before reimbursement .....

Reimbursement of expenses .....

Total expenses after reimbursement .....

Investment income--net .....

Realized & Unrealized Gain--Net

Realized gain on investments--net .....

Change in unrealized appreciation on investments--net .....

Total realized and unrealized gain--net .....

Net Increase in Net Assets Resulting from Operations .....



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See Notes to Financial Statements.

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:

Operations

Investment income--net .....

Realized gain (loss)--net .....

Change in unrealized appreciation--net .....

Net increase in net assets resulting from operations .....

Dividends to Shareholders

Investment income--net .....

Net decrease in net assets resulting from dividends to Common  
Stock shareholders .....

Common Stock Transactions

Value of shares issued to Common Stock shareholders in reinvestment  
of dividends .....

Net Assets

Total increase in net assets .....

Beginning of period .....

End of period\* .....

\* Undistributed investment income--net .....

See Notes to Financial Statements.

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

Financial Highlights

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The following per share data and ratios have been derived from information provided in the financial statements.

For the Six Months Ended November 30, 2005

For the Six Months Ended November 30, 2004

Per Share Operating Performance

|  |          |          |    |
|--|----------|----------|----|
| Net asset value, beginning of period .....   | \$ 13.40 | \$ 12.36 | \$ |
| Investment income--net .....                 | .41+     | .81+     |    |
| Realized and unrealized gain (loss)--net ... | .04      | 1.04     |    |
| Total from investment operations .....       | .45      | 1.85     |    |
| Less dividends and distributions:            |          |          |    |
| Investment income--net .....                 | (.41)    | (.81)    |    |
| Realized gain--net .....                     | --       | --       |    |
| Total dividends and distributions .....      | (.41)    | (.81)    |    |
| Net asset value, end of period .....         | \$ 13.44 | \$ 13.40 | \$ |
| Market price per share, end of period .....  | \$ 13.72 | \$ 13.27 | \$ |

Total Investment Return\*\*

|  |         |        |
|--|---------|--------|
| Based on net asset value per share ..... | 3.42%++ | 15.65% |
| Based on market price per share .....    | 6.60%++ | 24.39% |

Ratios to Average Net Assets

|  |        |       |
|--|--------|-------|
| Expenses, net of reimbursement and excluding reorganization expenses ..... | .67%*  | .67%  |
| Expenses, excluding reorganization expenses .....                          | .67%*  | .67%  |
| Expenses .....   | .67%*  | .67%  |
| Investment income--net .....   | 6.02%* | 6.30% |

Supplemental Data

|  |           |           |    |
|--|-----------|-----------|----|
| Net assets, end of period (in thousands) ... | \$275,173 | \$273,382 | \$ |
| Portfolio turnover .....                     | 10.19%    | 19.67%    |    |

\* Annualized.

\*\* Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

+ Based on average shares outstanding.

++ Aggregate total investment return. See Notes to Financial Statements.

## Notes to Financial Statements

## 1. Significant Accounting Policies:

MuniAssets Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a daily basis. The Fund's Common Stock shares are listed on the New York Stock Exchange under the symbol MUA. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments -- Municipal bonds are traded primarily in the over-the-counter ("OTC") markets and are valued at the last available bid price in the OTC market or on the basis of values as obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general direction of the Board of Directors. Such valuations and procedures are reviewed periodically by the Board of Directors of the Fund. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the OTC market, valuation is the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued by quoted fair values received daily by the Fund's pricing service. Short-term investments with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, under which method the investment is valued at cost and any premium or discount is amortized on a straight line basis to maturity. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund.

(b) Derivative financial instruments -- The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts -- The Fund may purchase or sell financial futures contracts and options on such futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

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- o Options -- The Fund may write covered call options and purchase put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

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MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

### Notes to Financial Statements (concluded)

- o Forward interest rate swaps -- The Fund may enter into forward interest rate swaps. In a forward interest rate swap, the Fund and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective date, unless terminated earlier. The value of the agreement is determined by quoted fair values received daily by the Fund from the counterparty. When the agreement is closed, the Fund records a realized gain or loss in an amount equal to the value of the agreement.

(c) Income taxes -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(d) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Interest income is recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities.

(e) Dividends and distributions -- Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

### 2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee of .55% based upon the average weekly value of the Fund's net assets. The Investment Adviser has agreed to reimburse its management fee by the amount of management fees the Fund pays to FAM indirectly through its investments in the Merrill Lynch Institutional Tax-Exempt Fund. For the six months ended November 30, 2005, FAM reimbursed the Fund in the amount of \$67.

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For the six months ended November 30, 2005, the Fund reimbursed FAM \$6,654 for certain accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co.

### 3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended November 30, 2005, were \$29,269,644 and \$27,446,260, respectively.

### 4. Common Stock Transactions:

At November 30, 2005, the Fund had one class of shares of Common Stock, par value \$.10 per share, of which 200,000,000 shares were authorized.

Shares issued and outstanding during the six months ended November 30, 2005 increased by 74,890 as a result of dividend investment and for the year ended May 31, 2005 remained constant.

### 5. Capital Loss Carryforward:

On May 31, 2005, the Fund had a net capital loss carryforward of \$31,361,746, of which \$2,052,069 expires in 2007, \$6,860,553 expires in 2008, \$3,487,083 expires in 2009, \$2,260,830 expires in 2010, \$7,452,325 expires in 2011, \$5,486,273 expires in 2012 and \$3,762,613 expires in 2013. This amount will be available to offset like amounts of any future taxable gains.

### 6. Subsequent Event:

The Fund paid a tax-exempt income dividend to holders of Common Stock in the amount of \$.069000 per share on December 29, 2005 to shareholders of record on December 15, 2005.

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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## Disclosure of Investment Advisory Agreement

### Activities of and Composition of the Board of Directors

All but one member of the Board of Directors is an independent director whose only affiliation with Fund Asset Management, L.P. (the "Investment Adviser") or other Merrill Lynch affiliates is as a director of the Fund and certain other funds advised by the Investment Adviser or its affiliates. The Co-chairmen of the Board are also independent directors. New director nominees are chosen as nominees by a Nominating Committee comprised of independent directors. All independent directors also are members of the Board's Audit Committee and the independent directors meet in executive session at each in-person Board meeting. The Board and the Audit Committee meet in person for at least two days each quarter and conduct other in-person and telephone meetings throughout the year, some of which are formal board meetings, and some of which are informational meetings. The independent counsel to the independent directors attends all in-person Board and Audit Committee meetings and other meetings at the independent directors' request.

### Investment Advisory Agreement -- Matters Considered by the Board

Every year, the Board considers approval of the Fund's investment advisory agreement (the "Investment Advisory Agreement"). The Board assesses the nature, scope and quality of the services provided to the Fund by the personnel of the

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Investment Adviser and its affiliates, including administrative services, shareholder services, oversight of fund accounting, marketing services and assistance in meeting legal and regulatory requirements. The Board also receives and assesses information regarding the services provided to the Fund by certain unaffiliated service providers.

At various times throughout the year, the Board also considers a range of information in connection with its oversight of the services provided by the Investment Adviser and its affiliates. Among the matters considered are: (a) fees (in addition to management fees) paid to the Investment Adviser and its affiliates by the Fund; (b) Fund operating expenses paid to third parties; (c) the resources devoted to and compliance reports relating to the Fund's investment objective, policies and restrictions, and its compliance with its Code of Ethics and the Investment Adviser's compliance policies and procedures; and (d) the nature, cost and character of non-investment management services provided by the Investment Adviser and its affiliates.

The Board believes that the Investment Adviser is one of the most experienced global asset management firms and considers the overall services provided by the Investment Adviser to be of high quality. The Board also believes that the Investment Adviser is financially sound and well managed and notes that the Investment Adviser is affiliated with one of America's largest financial firms. The Board works closely with the Investment Adviser in overseeing the Investment Adviser's efforts to achieve good performance. As part of this effort, the Board discusses portfolio manager effectiveness and, when performance is not satisfactory, discusses with the Investment Adviser taking steps such as changing investment personnel.

### Annual Consideration of Approval by the Board of Directors

In the period prior to the Board meeting to consider renewal of the Investment Advisory Agreement, the Board requests and receives materials specifically relating to the Fund's Investment Advisory Agreement. These materials include (a) information compiled by Lipper Inc. ("Lipper") on the fees and expenses and the investment performance of the Fund as compared to a comparable group of funds as classified by Lipper; (b) information comparing the Fund's market price with its net asset value per share; (c) a discussion by the Fund's portfolio management team of investment strategies used by the Fund during its most recent fiscal year; and (d) information on the profitability to the Investment Adviser and its affiliates of the Investment Advisory Agreement and other relationships with the Fund. The Board also considers other matters it deems important to the approval process such as services related to the valuation and pricing of Fund portfolio holdings, allocation of Fund portfolio transactions, the Fund's portfolio turnover statistics, and direct and indirect benefits to the Investment Adviser and its affiliates from their relationship with the Fund.

### Certain Specific Renewal Data

In connection with the most recent renewal of the Fund's Investment Advisory Agreement which occurred in November 2005, the independent directors' and Board's review included the following:

Services Provided by the Investment Adviser -- The Board reviewed the nature, extent and quality of services provided by the Investment Adviser, including the investment advisory services and the resulting performance of the Fund. The Board focused primarily on the Investment Adviser's investment advisory services and the Fund's investment performance, having concluded that the other services provided to the Fund by the Investment Adviser were satisfactory. The Board compared Fund performance -- both including and

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excluding the effects of the Fund's fees and expenses -- to the performance of a comparable group of funds, and the performance of a relevant index or combination of indexes. While the Board reviews performance data at least quarterly, consistent with the Investment Adviser's investment goals, the Board attaches more importance to performance over relatively long periods of time, typically three to five years. For the periods ended August 31, 2005, the Fund's performance after fees and expenses ranked in the first quintile for each of the one- and three-year periods and in the second quintile for the five-year period. Considering these factors, the Board concluded that the nature and quality of these services supported the continuation of the Investment Advisory Agreement.

The Investment Adviser's Personnel and Investment Process -- The Board reviews at least annually the Fund's investment objectives and strategies. The Board discusses with senior management of the Investment Adviser responsible for investment operations and the senior management of the Investment Adviser's municipal investing group the strategies being used to achieve the stated objectives. Among other things, the Board considers the size, education and experience of the Investment Adviser's investment staff, its use of technology, and the Investment Adviser's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also reviews the Investment Adviser's compensation policies and practices with respect to the Fund's portfolio managers. The Board also considered the experience of the Fund's portfolio manager and noted that Mr. Jaeckel has more than fifteen years of experience in portfolio management. The Investment Adviser and its investment staff have extensive experience in analyzing and managing the types of investments used by the Fund. The Board concluded that the Fund benefits from that expertise.

Management Fees and Other Expenses -- The Board reviews the Fund's contractual management fee rate and actual management fee rate as a percentage of total assets at common asset levels -- the actual rate includes advisory and administrative service fees and the effects of any fee waivers -- compared to the other funds in its Lipper category. It also compares the Fund's total expenses to those of other comparable funds. The Fund's contractual and actual management fee rates and total expenses were below the median fees and expenses charged by comparable funds, as determined by Lipper. The Board has concluded that the Fund's management fee and fee rate and overall expense ratio are reasonable compared to those of other comparable funds.

Profitability -- The Board considers the cost of the services provided to the Fund by the Investment Adviser, and the Investment Adviser's and its affiliates' profits relating to the management of the Fund and the MLIM/FAM-advised funds. As part of its analysis, the Board reviewed the Investment Adviser's methodology in allocating its costs to the management of the Fund and concluded that there was a reasonable basis for the allocation. The Board also considered federal court decisions discussing an investment adviser's profitability and profitability levels considered to be reasonable in those decisions. The Board believes the Investment Adviser's profits are acceptable in relation to the nature and quality of services provided.

Economies of Scale -- The Board considered the extent to which economies of scale might be realized as the assets of the Fund increase and whether there should be changes in the management fee rate or structure in order to enable the Fund to participate in these economies of scale. The Board considered economies of scale to the extent applicable to the Fund's closed-end structure and determined that the Fund appropriately benefits from any economies of scale and no changes were currently necessary.

Conclusion

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After the independent directors deliberated in executive session, the entire Board, including all of the independent directors, approved the renewal of the existing Investment Advisory Agreement, concluding that the advisory fee was reasonable in relation to the services provided and that a contract renewal was in the best interests of the shareholders.

MUNIASSETS FUND, INC.

NOVEMBER 30, 2005

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### Officers and Directors

Robert C. Doll, Jr., President and Director  
James H. Bodurtha, Director  
Kenneth A. Froot, Director  
Joe Grills, Director  
Herbert I. London, Director  
Roberta Cooper Ramo, Director  
Robert S. Salomon, Jr., Director  
Stephen B. Swensrud, Director  
Donald C. Burke, Vice President and Treasurer  
Kenneth A. Jacob, Senior Vice President  
John M. Loffredo, Senior Vice President  
Theodore R. Jaeckel Jr., Vice President  
Jeffrey Hiller, Chief Compliance Officer  
Alice A. Pellegrino, Secretary

### Custodian

The Bank of New York  
100 Church Street  
New York, NY 10286

### Transfer Agent

The Bank of New York  
101 Barclay Street -- 11 East  
New York, NY 10286

### NYSE Symbol

MUA

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Effective January 1, 2006, Stephen B. Swensrud retired as Director of MuniAssets Fund, Inc. The Fund's Board of Directors wishes Mr. Swensrud well in his retirement.  
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### Proxy Results

During the six-month period ended November 30, 2005, MuniAssets Fund, Inc.'s shareholders voted on the following proposals. Proposal 1 was approved at a shareholders' meeting on August 23, 2005. With respect to Proposal 2, the shareholders' meeting was adjourned until October 21, 2005, at which time it was passed. A description of the proposals and number of shares voted were as follows:

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Shares Voted    Shares



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|   |                     | For              | From                 |
|---|---------------------|------------------|----------------------|
| 1. To elect the Fund's Directors:                                 | Robert C. Doll, Jr. | 15,735,768       | 45                   |
|   | Kenneth A. Froot    | 15,721,223       | 47                   |
|   | Herbert I. London   | 15,730,070       | 46                   |
|   |                     |                  |                      |
|   |                     | Shares Voted For | Shares Voted Against |
| 2. To approve an amendment to Fundamental Investment Restriction. |                     | 10,418,658       | 443,013              |

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Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Electronic Delivery

The Fund offers electronic delivery of communications to its shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at <http://www.icsdelivery.com/live> and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

MUNIASSETS FUND, INC. NOVEMBER 30, 2005 19

[LOGO] Merrill Lynch Investment Managers

[www.mlim.ml.com](http://www.mlim.ml.com)

Mercury Advisors

A Division of Merrill Lynch Investment Managers

[www.mercury.ml.com](http://www.mercury.ml.com)

MuniAssets Fund, Inc. seeks to provide shareholders with current income exempt from federal income taxes by investing primarily in a portfolio of medium-to-lower grade or unrated municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes.

This report, including the financial information herein, is transmitted to

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shareholders of MuniAssets Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-MER-FUND (1-800-637-3863); (2) at [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com); and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com) and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

MuniAssets Fund, Inc.  
Box 9011  
Princeton, NJ  
08543-9011

#16716 -- 11/05

- Item 2 - Code of Ethics - Not Applicable to this semi-annual report
- Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report
- Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report
- Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report
- Item 6 - Schedule of Investments - Not Applicable
- Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable
- Item 10 - Submission of Matters to a Vote of Security Holders - Not Applicable
- Item 11 - Controls and Procedures
  - 11(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
  - 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the last fiscal half-year of the

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period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 - Exhibits attached hereto

12(a) (1) - Code of Ethics - Not Applicable to this semi-annual report

12(a) (2) - Certifications - Attached hereto

12(a) (3) - Not Applicable

12(b) - Certifications - Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MuniAssets Fund, Inc.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.,  
Chief Executive Officer of  
MuniAssets Fund, Inc.

Date: January 25, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.,  
Chief Executive Officer of  
MuniAssets Fund, Inc.

Date: January 25, 2006

By: /s/ Donald C. Burke

-----  
Donald C. Burke,  
Chief Financial Officer of  
MuniAssets Fund, Inc.

Date: January 25, 2006