

SECURITIES AND EXCHANGE COMMISSION

FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

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FILER

MERRILL LYNCH CALIFORNIA INSURED MUNICIPAL BOND FUND OF MERR

CIK: **895399** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
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To Our Shareholders:

The municipal bond market exhibited considerable volatility during the quarter ended November 30, 1993. From September through mid-October, municipal bond yields continued their earlier decline. By mid-October, yields on tax-exempt revenue bonds maturing in 30 years, as reflected by the Bond Buyer Revenue Bond Index, had declined an additional 15 basis points (0.15%) to another record low of 5.41%. However, the municipal bond market then reacted sympathetically to a nervous US Treasury bond market during the remainder of the quarter, and tax-exempt bond yields rose to end the quarter at 5.47%. Despite the increase in bond yields late in the quarter, it is important to note that tax-exempt bond yields have declined approximately 70 basis points since the beginning of 1993.

The pace of new municipal bond issuance slowed during the November quarter. More than \$62 billion in tax-exempt securities were issued over the last three months, an increase of more than 5% versus the November 1992 quarter's issuance. In recent quarters, however, new bond issuance had been increasing at a rate of approximately 25%. Even this relative decline in supply was unable to provide any technical support for the municipal bond market as investors became extremely concerned that economic growth would dramatically accelerate during the last calendar quarter of 1993 and continue into early 1994. This projected growth and expected associated inflationary pressures combined to cause yields to rise significantly in late October and November.

Portfolio Strategy

The Fund benefited over the November quarter from an aggressive investment strategy of low cash reserves and generally long-term maturity holdings. As the total assets of the Fund have grown, we have held a portion in a cash reserves position in anticipation of sporadic pullbacks in bond prices. This position of approximately 10% of total assets allows the Fund the liquidity needed to take advantage of a seasonally heavy new-issue calendar. We shortened the Fund's average maturity in order to protect it from short-term weakness in bond prices. However, we do anticipate using any significant market pullbacks to reinvest cash reserves in more performance-oriented securities that will benefit the Fund should the market again experience declining interest rates into next year. Credit quality yield spreads have widened in specific instances. With our Municipal Research group, some work was done to uncover situations where lower-rated bonds were purchased to enhance the Fund's current return, while still meeting our credit standards. Currently 83% of the Fund's assets are AAA-rated with bond insurance, with approximately 6.5% of the non-insured basket being utilized to date and the balance in cash reserves.

We appreciate your investment in Merrill Lynch California Insured Municipal Bond Fund, and we look forward to assisting you with your financial needs in the months and years ahead.

Sincerely,

(Arthur Zeikel)
Arthur Zeikel
President

(Vincent R. Giordano)
Vincent R. Giordano
Vice President and Portfolio Manager

December 21, 1993

Performance Data

None of the past results shown should be considered a representation of future performance. Investment return and principal value of Class A and Class B Shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

<TABLE>
 Recent Performance Results*
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	11/30/93	8/31/93	2/26/93**	Since Inception % Change	3 Month % Change
<S>	<C>	<C>	<C>	<C>	<C>
Class A Shares	\$10.06	\$10.23	\$10.00	+0.60%	-1.66%
Class B Shares	10.06	10.23	10.00	+0.60	-1.66
Class A Shares--Total Return				+4.33 (1)	-0.46 (2)
Class B Shares--Total Return				+3.94 (3)	-0.59 (4)
Class A Shares--Standardized 30-day Yield	4.56%				
Class B Shares--Standardized 30-day Yield	4.25%				

<FN>
 *Investment results shown for the 3-month and since inception periods are before the deduction of any sales charges.

**Commencement of operations.

(1) Percent change includes reinvestment of \$0.355 per share ordinary income dividends.

(2) Percent change includes reinvestment of \$0.123 per share ordinary income dividends.

(3) Percent change includes reinvestment of \$0.318 per share ordinary income dividends.

(4) Percent change includes reinvestment of \$0.111 per share ordinary income dividends.

</TABLE>

Aggregate Total Return

	% Return Without Sales Charge	% Return With Sales Charge**
Class A Shares*		
Inception (2/26/93) through 9/30/93	+6.02%	+1.78%

[FN]

*Maximum sales charge is 4%.

**Assuming maximum sales charge.

	% Return Without Sales Charge	% Return With Sales Charge**
Class B Shares*		
Inception (2/26/93) through 9/30/93	+5.72%	+1.72%

[FN]

*Maximum contingent deferred sales charge is 4% and is reduced to 0% after 4 years.

**Assuming payment of applicable contingent deferred sales charge.

Not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund unless accompanied or preceded by the Fund's current prospectus.