

BLACKROCK MUNIYIELD QUALITY FUND III, INC.
Form N-CSRS
April 05, 2017

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 811-06540

Name of Fund: BlackRock MuniYield Quality Fund III, Inc. (MYI)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield Quality
Fund III, Inc., 55 East 52nd Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2017

Date of reporting period: 01/31/2017

Item 1 Report to Stockholders

SEMI-ANNUAL REPORT (UNAUDITED)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

Not FDIC Insured May Lose Value No Bank Guarantee

The Markets in Review

Dear Shareholder,

The 12 months ended January 31, 2017 was an exceptionally strong period for risk assets (such as stocks and high yield bonds), while higher-quality assets generated muted returns after struggling in the latter part of 2016. As the period began, worries about slowing growth in China and the instability of oil prices had global equity prices sliding. However, the broad market momentum shifted in the second half of 2016 as reflationary expectations in the United States helped drive a pick-up in global growth.

Markets were remarkably resilient during the period. Big surprises such as the United Kingdom's vote to leave the European Union and the outcome of the U.S. presidential election brought spikes in equity market volatility, but they were ultimately short-lived. Instead, investors used the sell-offs to seize upon buying opportunities, allowing markets to quickly rebound. We believe this reinforces the case for taking the long view rather than reacting to short-term market noise.

The global reflationary theme—rising nominal growth, wages and inflation—was the dominant driver of asset returns during the period, outweighing significant political upheavals and uncertainty. This trend accelerated after the U.S. election and continued into the beginning of 2017, stoked by expectations for an extra boost to U.S. growth via fiscal policy.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors including an aging population, low productivity growth and excess savings. A tempered economic growth trend and high valuations across most assets have set the stage for muted investment returns going forward.

Equity markets still have room to move, although the disparity between winners and losers is widening, making stock selection increasingly important. Fixed income investors are also facing challenges as bond markets recalibrate to accommodate rising rates and higher inflation expectations. And in a world where political risk and policy uncertainty abound, there is no lack of potential catalysts for higher volatility.

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, 2017

| | 6-month | 12-month |
|--|---------|----------|
| U.S. large cap equities (S&P 500® Index) | 5.96% | 20.04% |
| U.S. small cap equities (Russell 2000® Index) | 12.43 | 33.53 |
| International equities (MSCI Europe, Australasia, Far East Index) | 3.49 | 12.03 |
| Emerging market equities (MSCI Emerging Markets Index) | 4.92 | 25.41 |
| 3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index) | 0.20 | 0.37 |

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| | | |
|---|--------|--------|
| U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index) | (7.87) | (3.26) |
| U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index) | (2.95) | 1.45 |
| Tax-exempt municipal bonds (S&P Municipal Bond Index) | (2.94) | 0.24 |
| U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index) | 6.09 | 20.77 |

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, 2017

Municipal Market Conditions

Municipal bonds generated modestly positive performance for the period, in spite of vastly rising interest rates as a result of generally stronger economic data, signs of inflation pressures, Fed monetary policy normalization, and market expectations for pro-growth fiscal policy. However, ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in strong demand for fixed income investments. Investors favored the income, relative yield, and stability of municipal bonds amid bouts of interest rate volatility (bond prices rise as rates fall) resulting from the United Kingdom's decision to leave the European Union, the contentious U.S. election, and widening central bank divergence i.e., policy easing outside the United States while the Fed slowly commences policy tightening. During the 12 months ended January 31, 2017, municipal bond funds garnered net inflows of approximately \$24 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained robust from a historical perspective at \$451 billion (significantly above the \$394 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 60%) as issuers continued to take advantage of low interest rates and a flatter yield curve to reduce their borrowing costs.

| S&P Municipal Bond Index | |
|--------------------------------------|---------|
| Total Returns as of January 31, 2017 | |
| 6 months: | (2.94)% |
| 12 months: | 0.24% |

A Closer Look at Yields

From January 31, 2016 to January 31, 2017, yields on AAA-rated 30-year municipal bonds increased by 33 basis points (bps) from 2.75% to 3.08%, while 10-year rates rose by 61 bps from 1.71% to 2.32% and 5-year rates increased 63 bps from 1.00% to 1.63% (as measured by Thomson Municipal Market Data). The municipal yield curve modestly flattened over the 12-month period with the spread between 2- and 30-year maturities flattening by 9 bps and the spread between 10- and 30-year maturities flattening by 28 bps.

During the same time period, on a relative basis, tax-exempt municipal bonds broadly underperformed U.S. Treasuries with the greatest underperformance experienced in the intermediate part of the yield curve. In absolute terms, the 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. More broadly, municipal bonds came under pressure post the November U.S. election, erasing a bulk of year-to-date performance and influencing a strong pattern of mutual fund inflows to turn negative in the closing months of the period. 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, 2017, 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.

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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 alternative minimum tax. 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.

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, these objectives cannot 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 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 a Fund's 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 Funds 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) and 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), a TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements under 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 asset 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 instru-

ment 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.

Fund Summary as of January 31, 2017

BlackRock MuniHoldings Quality Fund II,
Inc.

Fund Overview

BlackRock MuniHoldings Quality Fund II, Inc. s (MUE) (the Fund) investment objective is to provide shareholders with current income exempt from federal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s 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 New York Stock Exchange (NYSE) | MUE |
| Initial Offering Date | February 26, 1999 |
| Yield on Closing Market Price as of January 31, 2017 (\$13.47) ¹ | 5.70% |
| Tax Equivalent Yield ² | 10.07% |
| Current Monthly Distribution per Common Share ³ | \$0.064 |
| Current Annualized Distribution per Common Share ³ | \$0.768 |
| Economic Leverage as of January 31, 2017 ⁴ | 38% |

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

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, 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.

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

⁴ 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, 2017 were as follows:

| | Returns Based On | |
|--|------------------|---------|
| | Market Price | NAV |
| MUE ^{1,2} | (7.31)% | (4.48)% |
| Lipper General & Insured Municipal Debt Funds (Leveraged) ³ | (7.34)% | (5.63)% |

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- ¹ All returns reflect reinvestment of dividends and/or distributions.
- ² The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.
- ³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

At the sector level, the transportation, tax-backed state and health care sectors represented the largest detractors from performance due to their higher weightings. Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

The Fund continued to employ leverage in order to increase income. Since leverage also amplifies the effect of market movements, it was a net detractor from performance at a time of falling prices.

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 exposure to pre-refunded issues also benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields.

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.

**BlackRock MuniHoldings Quality Fund II,
Inc.**

Market Price and Net Asset Value Per Share Summary

| | 1/31/17 | 7/31/16 | Change | High | Low |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price | \$ 13.47 | \$ 14.94 | (9.84)% | \$ 15.04 | \$ 12.58 |
| Net Asset Value | \$ 14.01 | \$ 15.08 | (7.10)% | \$ 15.08 | \$ 13.81 |

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

Overview of the Fund's Total Investments*

Sector Allocation

| | 1/31/17 | 7/31/16 |
|--|----------------|----------------|
| Transportation | 40% | 42% |
| County/City/Special District/School District | 25 | 21 |
| Utilities | 13 | 14 |
| Health | 11 | 11 |
| State | 5 | 6 |
| Education | 3 | 3 |
| Housing | 1 | 1 |
| 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.

Credit Quality Allocation¹

| | 1/31/17 | 7/31/16 |
|---------|----------------|----------------|
| AAA/Aaa | 5% | 8% |
| AA/Aa | 61 | 59 |
| A | 28 | 27 |
| BBB/Baa | 4 | 5 |
| N/R | 2 ² | 1 |

¹ 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.

² 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, 2017, 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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Call/Maturity Schedule³

Calendar Year Ended December 31,

| | |
|------|----|
| 2017 | 1% |
| 2018 | 24 |
| 2019 | 14 |
| 2020 | 4 |
| 2021 | 18 |

³ Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

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Fund Summary as of January 31, 2017

BlackRock MuniYield California Quality Fund, Inc.

Fund Overview

BlackRock MuniYield California Quality Fund, Inc.'s (MCA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and California 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 federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and California 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 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 | MCA |
| Initial Offering Date | October 30, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$14.81) ¹ | 5.27% |
| Tax Equivalent Yield ² | 10.74% |
| Current Monthly Distribution per Common Share ³ | \$0.065 |
| Current Annualized Distribution per Common Share ³ | \$0.780 |
| Economic Leverage as of January 31, 2017 ⁴ | 40% |

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

² Tax equivalent yield assumes the maximum marginal federal and state tax rate of 50.93%, 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.

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

⁴ 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, 2017 were as follows:

| | Returns Based On | |
|---|------------------|---------|
| | Market Price | NAV |
| MCA ^{1,2} | (9.00)% | (5.43)% |
| Lipper California Municipal Debt Funds ³ | (8.72)% | (5.28)% |

¹ All returns reflect reinvestment of dividends and/or distributions.

² The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

California underperformed the national tax-exempt market, reflecting an unwinding of previously tight credit spreads for state and local issues, together with a larger calendar of new issuance. Despite the after-tax value provided by California municipal bonds for retail investors subject to the state's high tax brackets, California funds were not immune to the redemptions experienced by both the general market and high-yield products in the latter part of the period.

Positions in bonds with longer maturities declined the most in value since they typically have longer durations (above-average interest rate sensitivity). The Fund's exposure to lower-coupon issues such as those with 4% or 3% coupons also detracted from results, as lower coupons generally underperform in rising rate environments. For the same reason, positions in zero-coupon bonds proved to be an additional detractor.

From a sector allocation perspective, the Fund's exposure to school district and health care sectors were the largest detractors.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields.

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 high-quality, short-duration bonds such as pre-refunded securities held up relatively well in the down market due to their lower interest rate sensitivity.

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.

BlackRock MuniYield California Quality Fund, Inc.

Market Price and Net Asset Value Per Share Summary

| | 1/31/17 | 7/31/16 | Change | High | Low |
|-----------------|----------|----------|----------|----------|----------|
| Market Price | \$ 14.81 | \$ 16.75 | (11.58)% | \$ 16.87 | \$ 13.95 |
| Net Asset Value | \$ 15.41 | \$ 16.77 | (8.11)% | \$ 16.80 | \$ 15.09 |

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

Overview of the Fund's Total Investments*

Sector Allocation

| | 1/31/17 | 7/31/16 |
|--|---------|---------|
| County/City/Special District/School District | 38% | 41% |
| Utilities | 20 | 18 |
| Health | 14 | 14 |
| Transportation | 13 | 13 |
| Education | 9 | 9 |
| State | 5 | 5 |
| Corporate | 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.

Credit Quality Allocation¹

| | 1/31/17 | 7/31/16 |
|---------|---------|---------|
| AAA/Aaa | 13% | 15% |
| AA/Aa | 76 | 75 |
| A | 9 | 8 |
| BBB/Baa | 1 | 1 |
| N/R | 1 | 1 |

¹ 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.

Call/Maturity Schedule²

Calendar Year Ended December 31,

| | |
|------|-----|
| 2017 | 11% |
| 2018 | 9 |
| 2019 | 17 |
| 2020 | 7 |
| 2021 | 12 |

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² Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

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Fund Summary as of January 31, 2017

BlackRock MuniYield New York Quality Fund, Inc.

Fund Overview

BlackRock MuniYield New York Quality Fund, Inc. s (MYN) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes and New York State and New York City personal 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 federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and New York State and New York City personal 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 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 | MYN |
| Initial Offering Date | February 28, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$12.95) ¹ | 5.00% |
| Tax Equivalent Yield ² | 10.12% |
| Current Monthly Distribution per Common Share ³ | \$0.054 |
| Current Annualized Distribution per Common Share ³ | \$0.648 |
| Economic Leverage as of January 31, 2017 ⁴ | 40% |

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

² Tax equivalent yield assumes the maximum marginal federal and state tax rate of 50.59%, 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.

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

⁴ 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, 2017 were as follows:

| | Returns Based On | |
|---|------------------|---------|
| | Market Price | NAV |
| MYN ^{1,2} | (7.86)% | (5.97)% |
| Lipper New York Municipal Debt Funds ³ | (9.25)% | (5.24)% |

¹ All returns reflect reinvestment of dividends and/or distributions.

² The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn. The New York municipal market faced the added challenge of elevated new-issue supply in late 2016.

At the sector level, exposure to the transportation, local general obligation and education sectors detracted from performance. Holdings in longer-duration bonds, which were more sensitive to rising yields, also detracted. (Duration is a measure of interest-rate sensitivity.) Credit spreads widened during the period, whereby the Fund's holdings in lower-rated investment-grade bonds were a further detractor.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields.

At a time when lower-quality, longer-dated bonds experienced the largest underperformance, the Fund's positions in high-quality, short-dated issues performed relatively well and helped mitigate the impact of the market decline. 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 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.

BlackRock MuniYield New York Quality Fund, Inc.

Market Price and Net Asset Value Per Share Summary

| | 1/31/17 | 7/31/16 | Change | High | Low |
|-----------------|---------|---------|----------|---------|---------|
| Market Price | \$12.95 | \$14.40 | (10.07)% | \$14.56 | \$12.50 |
| Net Asset Value | \$13.83 | \$15.07 | (8.23)% | \$15.08 | \$13.52 |

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

Overview of the Fund's Total Investments*

Sector Allocation

| | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Transportation | 24% | 20% |
| County/City/Special District/School District | 20 | 25 |
| Education | 18 | 18 |
| Utilities | 14 | 13 |
| State | 12 | 13 |
| Health | 6 | 6 |
| Housing | 4 | 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.

Credit Quality Allocation¹

| | 1/31/17 | 7/31/16 |
|------------------|---------|---------|
| AAA/Aaa | 20% | 19% |
| AA/Aa | 55 | 59 |
| A | 19 | 16 |
| BBB/Baa | 4 | 4 |
| N/R ² | 2 | 2 |

¹ 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.

² 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, 2017 and July 31, 2016, the market value of unrated securities deemed by the investment adviser to be investment grade represents 1% and less than 1%, respectively, of the Fund's total investments.

Call/Maturity Schedule³

Calendar Year Ended December 31,

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| | |
|------|----|
| 2017 | 9% |
| 2018 | 6 |
| 2019 | 8 |
| 2020 | 4 |
| 2021 | 21 |

³ Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

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Fund Summary as of January 31, 2017

BlackRock MuniYield Quality Fund III, Inc.

Fund Overview

BlackRock MuniYield Quality Fund III, Inc.'s (MYI) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the 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 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 | MYI |
| Initial Offering Date | March 27, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$13.95) ¹ | 5.85% |
| Tax Equivalent Yield ² | 10.34% |
| Current Monthly Distribution per Common Share ³ | \$0.068 |
| Current Annualized Distribution per Common Share ³ | \$0.816 |
| Economic Leverage as of January 31, 2017 ⁴ | 39% |

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

² Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, 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.

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

⁴ 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, 2017 were as follows:

| | Returns Based On | |
|--|------------------|---------|
| | Market Price | NAV |
| MYI ^{1,2} | (8.17)% | (5.75)% |
| Lipper General & Insured Municipal Debt Funds (Leveraged) ³ | (7.34)% | (5.63)% |

¹ All returns reflect reinvestment of dividends and/or distributions.

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² The Fund moved from a premium to NAV to a discount during the period, which accounts for the difference between performance based on price and performance based on NAV.

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter U.S. Federal Reserve policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

The Fund's duration positioning detracted from performance on an absolute basis, reflecting the aggressive increase in municipal bond yields. (Duration is a measure of interest-rate sensitivity.) The Fund's exposure to the long end of the yield curve also detracted, as longer-term bonds sold off more than shorter-term issues. Additionally, holdings in the healthcare-related sectors underperformed due to uncertainty surrounding the future of the Affordable Care Act.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields.

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 Trust's positioning had a positive effect on returns.

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.

Market Price and Net Asset Value Per Share Summary

| | 1/31/17 | 7/31/16 | Change | High | Low |
|-----------------|----------|----------|----------|----------|----------|
| Market Price | \$ 13.95 | \$ 15.63 | (10.75)% | \$ 15.80 | \$ 13.23 |
| Net Asset Value | \$ 14.19 | \$ 15.49 | (8.39)% | \$ 15.49 | \$ 13.97 |

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

Overview of the Fund's Total Investments*

Sector Allocation

| | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Transportation | 27% | 26% |
| State | 17 | 16 |
| County/City/Special District/School District | 17 | 15 |
| Utilities | 13 | 17 |
| Health | 12 | 12 |
| Education | 9 | 9 |
| Corporate | 2 | 2 |
| Housing | 2 | 2 |
| Tobacco | 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.

Credit Quality Allocation¹

| | 1/31/17 | 7/31/16 |
|---------|----------------|---------|
| AAA/Aaa | 8% | 11% |
| AA/Aa | 61 | 61 |
| A | 21 | 20 |
| BBB/Baa | 7 | 7 |
| N/R | 3 ² | 1 |

¹ 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.

² 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, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade represents less than 1% of the Fund's total investments.

Call/Maturity Schedule³

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| | |
|----------------------------------|-----|
| Calendar Year Ended December 31, | |
| 2017 | 10% |
| 2018 | 20 |
| 2019 | 12 |
| 2020 | 3 |
| 2021 | 9 |

³ Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

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Schedule of Investments January 31, 2017 (Unaudited)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(Percentages shown are based on Net Assets)

| | Par | |
|---|------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Alabama 2.2% | | |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/19 (a) | \$ 5,225 | \$ 5,793,219 |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35 | 940 | 1,043,419 |
| | | 6,836,638 |
| California 23.6% | | |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18 (a) | 5,050 | 5,409,004 |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42 | 2,865 | 3,263,063 |
| City & County of San Francisco California Airports Commission, ARB, Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20 | 680 | 682,618 |
| City & County of San Francisco California Airports Commission, Refunding ARB, AMT, Series A: 2nd, 5.50%, 5/01/28 | 1,800 | 2,079,792 |
| 2nd, 5.25%, 5/01/33 | 1,410 | 1,564,903 |
| 5.00%, 5/01/44 | 1,860 | 2,012,427 |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 5.50%, 3/01/30 | 4,045 | 4,525,789 |
| City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40 | 2,800 | 3,080,756 |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/18 (a) | 3,500 | 3,722,005 |
| County of Ventura California Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/18 (a) | 3,175 | 3,389,884 |
| Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35 | 1,875 | 2,141,100 |
| Golden Empire Schools Financing Authority, Refunding RB, Kern High School District Projects, 1.15%, 5/01/17 (b) | 2,850 | 2,850,000 |
| Kern Community College District, GO, Safety, Repair & Improvement, Series C, 5.50%, 11/01/33 | 2,445 | 2,886,249 |
| Los Angeles Community College District California, GO, Election of 2008, Series C, 5.25%, 8/01/20 (a) | 2,000 | 2,265,640 |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33 | 1,675 | 1,762,519 |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/21 (a) | 2,670 | 3,132,604 |
| Riverside County Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/40 | 4,500 | 5,143,590 |
| State of California Public Works Board, LRB, Various Capital Projects, Series I: 5.50%, 11/01/30 | 5,000 | 5,923,100 |
| 5.50%, 11/01/31 | 3,130 | 3,695,090 |
| 5.50%, 11/01/33 | 3,000 | 3,537,540 |
| | Par | |
| Municipal Bonds | | |
| California (continued) | | |
| State of California Public Works Board, RB, Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33 | \$ 1,260 | \$ 1,474,943 |
| Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40 | 940 | 1,075,069 |
| University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38 | 7,580 | 8,709,723 |
| | | 74,327,408 |
| Colorado 2.1% | | |
| City & County of Denver Colorado Airport System, ARB, Series A, AMT: 5.50%, 11/15/28 | 1,500 | 1,703,805 |
| 5.50%, 11/15/30 | 565 | 636,862 |
| 5.50%, 11/15/31 | 675 | 758,950 |
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/19 (a) | 3,300 | 3,654,387 |
| | | 6,754,004 |
| Connecticut 1.0% | | |
| University of Connecticut, Refunding RB, Series A, 5.00%, 1/15/36 | 2,830 | 3,151,460 |

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| Florida 20.5% | | |
|---|-------|-----------|
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33 | 405 | 464,150 |
| County of Broward Florida Airport System, ARB, Series A, AMT, 5.13%, 10/01/38 | 5,665 | 6,143,013 |
| County of Broward Florida Airport System Revenue, ARB, Series A, AMT, 5.00%, 10/01/45 | 1,440 | 1,554,365 |
| County of Hillsborough Florida Aviation Authority, Refunding ARB, Tampa International Airport, Series A, AMT, 5.50%, 10/01/29 | 2,995 | 3,383,422 |
| County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32 | 2,500 | 2,767,400 |
| County of Lee Florida HFA, RB, S/F Housing, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40 | 300 | 302,922 |
| County of Miami-Dade Florida, RB, Seaport Department: Series A, 5.38%, 10/01/33 | 1,765 | 1,954,084 |
| Series A, 5.50%, 10/01/42 | 3,000 | 3,382,350 |
| Series B, AMT, 6.25%, 10/01/38 | 800 | 947,512 |
| Series B, AMT, 6.00%, 10/01/42 | 1,060 | 1,221,056 |
| County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29 | 3,130 | 3,612,834 |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT, Series A: 5.00%, 10/01/31 | 5,155 | 5,621,012 |
| 5.00%, 10/01/32 | 5,000 | 5,430,450 |
| Miami International Airport (AGM), 5.50%, 10/01/18 (a) | 4,180 | 4,478,870 |
| Miami International Airport (AGM), 5.25%, 10/01/41 | 4,610 | 4,833,862 |

Portfolio Abbreviations

| | | | | | |
|--------------|---|-------------|----------------------------------|----------------|---|
| AGC | Assured Guarantee Corp. | EDA | Economic Development Authority | IDRB | Industrial Development Revenue Bonds |
| AGM | Assured Guaranty Municipal Corp. | EDC | Economic Development Corp. | ISD | Independent School District |
| AMBAC | American Municipal Bond Assurance Corp. | ERB | Education Revenue Bonds | LRB | Lease Revenue Bonds |
| AMT | Alternative Minimum Tax (subject to) | FHA | Federal Housing Administration | M/F | Multi-Family |
| ARB | Airport Revenue Bonds | GAB | Grant Anticipation Bonds | NPFGC | National Public Finance Guarantee Corp. |
| BAM | Build America Mutual Assurance Co. | GARB | General Airport Revenue Bonds | PILOT | Payment in Lieu of Taxes |
| BARB | Building Aid Revenue Bonds | GO | General Obligation Bonds | PSF-GTD | Permanent School Fund Guaranteed |
| BHAC | Berkshire Hathaway Assurance Corp. | HAD | Housing Development Authority | Q-SBLF | Qualified School Bond Loan Fund |
| BOCES | Board of Cooperative Educational Services | HFA | Housing Finance Agency | RB | Revenue Bonds |
| CAB | Capital Appreciation Bonds | IDA | Industrial Development Authority | S/F | Single-Family |
| COP | Certificates of Participation | IDB | Industrial Development Board | SONYMA | State of New York Mortgage Agency |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| | Par | |
|--|----------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Florida (continued) | | |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/19 (a) | \$ 7,600 | \$ 8,396,176 |
| Reedy Creek Florida Improvement District, GO, Series A, 5.25%, 6/01/32 | 1,805 | 2,076,905 |
| Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/21 (a) | 6,965 | 8,083,091 |
| | | 64,653,474 |
| Hawaii 1.6% | | |
| State of Hawaii Department of Transportation, COP, AMT: | | |
| 5.25%, 8/01/25 | 740 | 833,558 |
| 5.25%, 8/01/26 | 1,205 | 1,345,756 |
| State of Hawaii Department of Transportation, RB, Series A, AMT, 5.00%, 7/01/45 | 2,805 | 3,011,981 |
| | | 5,191,295 |
| Illinois 15.1% | | |
| City of Chicago Illinois Midway International Airport, Refunding GARB, 2nd Lien, Series A: | | |
| 5.00%, 1/01/41 | 1,140 | 1,206,131 |
| AMT, 5.50%, 1/01/28 | 1,000 | 1,140,980 |
| AMT, 5.50%, 1/01/29 | 1,500 | 1,705,365 |
| AMT, 5.38%, 1/01/33 | 2,000 | 2,216,240 |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien: | | |
| Series A, 5.75%, 1/01/39 | 2,000 | 2,244,220 |
| Series C, 6.50%, 1/01/21 (a) | 9,085 | 10,806,517 |
| City of Chicago Illinois Transit Authority, RB: | | |
| Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 12/01/18 (a) | 3,400 | 3,700,288 |
| Sales Tax Receipts, 5.25%, 12/01/36 | 2,940 | 3,141,184 |
| Sales Tax Receipts, 5.25%, 12/01/40 | 1,500 | 1,599,225 |
| City of Chicago Illinois Wastewater Transmission, RB, 2nd Lien, 5.00%, 1/01/42 | 2,985 | 3,135,981 |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago: | | |
| 5.25%, 12/01/30 | 1,270 | 1,372,108 |
| 5.50%, 12/01/38 | 1,205 | 1,292,700 |
| 5.25%, 12/01/43 | 2,960 | 3,123,007 |
| Illinois Finance Authority, Refunding RB, Presence Health Network, Series C: | | |
| 4.00%, 2/15/41 | 1,155 | 959,100 |
| 5.00%, 2/15/41 | 975 | 979,563 |
| Railsplitter Tobacco Settlement Authority, RB: | | |
| 5.50%, 6/01/23 | 2,350 | 2,648,662 |
| 6.00%, 6/01/28 | 670 | 761,730 |
| State of Illinois, GO: | | |
| 5.25%, 2/01/31 | 1,495 | 1,527,471 |
| 5.25%, 2/01/32 | 2,320 | 2,364,869 |
| 5.50%, 7/01/33 | 1,000 | 1,042,140 |
| 5.50%, 7/01/38 | 700 | 723,632 |
| | | 47,691,113 |
| Indiana 1.0% | | |
| Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series A, AMT, 5.00%, 7/01/40 | | |
| | 460 | 466,735 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC): | | |
| 5.50%, 1/01/19 (a) | 465 | 503,139 |
| 5.50%, 1/01/38 | 1,905 | 2,052,923 |
| | | 3,022,797 |
| Kentucky 0.8% | | |
| Kentucky State Property & Building Commission, Refunding RB, (AGC): | | |
| 5.25%, 2/01/19 (a) | 2,040 | 2,202,976 |
| 5.25%, 2/01/27 | 260 | 278,083 |

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| | Par | 2,481,059 |
|---|----------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Louisiana 1.5% | | |
| Lake Charles Harbor & Terminal District, RB, Series B, AMT (AGM), 5.50%, 1/01/29 | \$ 2,225 | \$ 2,555,079 |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29 | 2,020 | 2,134,493 |
| | | 4,689,572 |
| Massachusetts 0.9% | | |
| Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A: | | |
| 5.00%, 1/01/47 | 420 | 446,309 |
| 5.25%, 1/01/42 | 940 | 1,024,919 |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42 | 1,160 | 1,229,832 |
| | | 2,701,060 |
| Michigan 2.3% | | |
| Hudsonville Michigan Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41 | 3,420 | 3,795,448 |
| Royal Oak Michigan Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a) | 3,115 | 3,461,481 |
| | | 7,256,929 |
| Minnesota 0.7% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC): | | |
| 6.50%, 11/15/18 (a) | 305 | 333,917 |
| 6.50%, 11/15/38 | 1,670 | 1,803,466 |
| | | 2,137,383 |
| Mississippi 1.3% | | |
| Mississippi Development Bank, RB, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40 | 2,405 | 3,044,610 |
| Mississippi State University Educational Building Corp., Refunding RB, Mississippi State University Improvement Project, 5.25%, 8/01/38 | 1,000 | 1,139,580 |
| | | 4,184,190 |
| Nevada 2.8% | | |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39 | 3,210 | 3,473,702 |
| County of Clark Nevada, GO, Limited Tax, 5.00%, 6/01/38 | 5,000 | 5,211,600 |
| | | 8,685,302 |
| New Jersey 4.8% | | |
| New Jersey EDA, RB, Private Activity Bond, Goethals Bridge Replacement Project, AMT: | | |
| 5.38%, 1/01/43 | 1,940 | 2,050,483 |
| (AGM), 5.00%, 1/01/31 | 1,355 | 1,482,343 |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38 | 3,400 | 3,670,946 |
| New Jersey Health Care Facilities Financing Authority, Refunding RB, RWJ Barnabas Health Obligated Group, Series A, 5.00%, 7/01/43 | 1,600 | 1,737,552 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: | | |
| Series A (AGC), 5.63%, 12/15/28 | 2,930 | 3,158,745 |
| Series AA, 5.50%, 6/15/39 | 3,040 | 3,158,834 |
| | | 15,258,903 |
| New York 8.1% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, 2nd General Resolution, Series EE: | | |
| Fiscal 2009, 5.25%, 6/15/40 | 6,930 | 7,529,653 |
| Water & Sewer System, 5.38%, 6/15/43 | 2,220 | 2,503,516 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| | Par | |
|--|------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 | \$ 940 | \$ 1,063,958 |
| Metropolitan Transportation Authority, RB: Series A, 5.25%, 11/15/38 | 8,500 | 9,610,525 |
| Series A-1, 5.25%, 11/15/39 | 1,550 | 1,752,539 |
| Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series, 5.25%, 7/15/36 | 2,000 | 2,230,380 |
| TSASC, Inc., Refunding RB, Series A, 5.00%, 6/01/41 | 895 | 954,938 |
| | | 25,645,509 |
| Ohio 0.9% | | |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1, 5.25%, 2/15/31 | 2,500 | 2,851,525 |
| Pennsylvania 2.5% | | |
| Pennsylvania HFA, Refunding RB, S/F Housing Mortgage, Series 121, 3.10%, 10/01/36 | 1,710 | 1,525,457 |
| Pennsylvania Turnpike Commission, RB, Series B, 5.00%, 12/01/45 | 2,300 | 2,519,811 |
| Township of Bristol Pennsylvania School District, GO: 5.25%, 6/01/37 | 2,500 | 2,758,425 |
| 5.25%, 6/01/43 | 1,100 | 1,213,707 |
| | | 8,017,400 |
| South Carolina 6.3% | | |
| County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38 | 3,760 | 4,309,035 |
| County of Charleston South Carolina Airport District, ARB, Series A, AMT: 6.00%, 7/01/38 | 2,940 | 3,337,370 |
| 5.50%, 7/01/41 | 2,500 | 2,765,375 |
| South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50 | 1,870 | 2,024,481 |
| State of South Carolina Public Service Authority, Refunding RB: Series A, 5.50%, 1/01/19 (a) | 2,300 | 2,490,026 |
| Series C, 5.00%, 12/01/46 | 1,000 | 1,101,230 |
| Series E, 5.25%, 12/01/55 | 3,500 | 3,833,585 |
| | | 19,861,102 |
| Tennessee 1.0% | | |
| Metropolitan Nashville Airport Authority, ARB, Series B, AMT, 5.00%, 7/01/40 | 3,000 | 3,254,910 |
| Texas 18.2% | | |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37 | 2,345 | 2,655,830 |
| City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien, Series A (AGC): 6.00%, 5/15/19 (a) | 6,345 | 7,029,435 |
| 6.00%, 11/15/35 | 355 | 392,190 |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC): 6.50%, 1/01/19 (a) | 620 | 681,448 |
| 6.50%, 7/01/37 | 2,380 | 2,563,070 |
| Dallas Area Rapid Transit, Refunding RB, Senior Lien (a): 5.25%, 12/01/18 | 2,605 | 2,802,198 |
| 5.25%, 12/01/18 | 1,950 | 2,097,615 |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, AMT: Series A, 5.00%, 11/01/38 | 1,615 | 1,712,191 |
| Series H, 5.00%, 11/01/37 | 1,810 | 1,946,637 |
| Lower Colorado River Authority, Refunding RB, 5.50%, 5/15/33 | 2,155 | 2,472,216 |
| North Texas Tollway Authority, RB, Special Projects, Series A, 5.50%, 9/01/41 | 5,480 | 6,233,445 |
| Municipal Bonds | Par | Value |

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(000)

| Texas (continued) | | |
|---|----------|--------------|
| North Texas Tollway Authority, Refunding RB, 1st Tier System: | | |
| (NPFGC), 5.75%, 1/01/18 (a) | \$ 4,340 | \$ 4,528,399 |
| (NPFGC), 5.75%, 1/01/40 | 1,400 | 1,450,022 |
| Series A, 5.63%, 1/01/18 (a) | 4,895 | 5,101,961 |
| Series A, 5.63%, 1/01/33 | 6,080 | 6,290,368 |
| Series K-2 (AGC), 6.00%, 1/01/19 (a) | 1,000 | 1,091,070 |
| Series S, 5.75%, 1/01/18 (a) | 855 | 892,116 |
| Series S, 5.75%, 1/01/18 (a) | 5,835 | 6,088,297 |
| Series SE, 5.75%, 1/01/40 | 145 | 150,384 |
| Red River Texas Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38 | 1,070 | 1,204,338 |
| | | 57,383,230 |
| Virginia 1.1% | | |
| City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43 | 945 | 1,043,053 |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a) | 2,195 | 2,411,252 |
| | | 3,454,305 |
| Washington 1.5% | | |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36 | 2,400 | 2,674,176 |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36 | 1,865 | 2,089,434 |
| | | 4,763,610 |
| Wyoming 0.2% | | |
| Wyoming Municipal Power Agency Inc, Refunding RB, Series A (BAM), 5.00%, 1/01/42 | 570 | 634,028 |
| Total Municipal Bonds 122.0% | | 384,888,206 |

**Municipal Bonds Transferred to
Tender Option Bond Trusts (c)**

| | | |
|--|--------|------------|
| California 2.7% | | |
| Sacramento Area Flood Control Agency, Refunding, Consolidated Capital Assessment District No.2, Series A, 5.00%, 10/01/47 | | |
| | 7,499 | 8,485,463 |
| Colorado 3.1% | | |
| Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 4/29/18 (a) | | |
| | 9,410 | 9,887,934 |
| Connecticut 1.1% | | |
| Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45 | | |
| | 3,061 | 3,347,504 |
| District of Columbia 0.6% | | |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(d) | | |
| | 1,699 | 1,837,353 |
| Florida 4.2% | | |
| County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/18 (a) | | |
| | 12,500 | 13,369,500 |
| Illinois 5.8% | | |
| City of Chicago Illinois, ARB, O Hare International Airport, Series A (AGM), 5.00%, 1/01/18 (a) | | |
| | 5,000 | 5,183,400 |
| City of Chicago Illinois, Refunding RB, Waterworks, 2nd Lien (AGM), 5.25%, 11/01/33 | | |
| | 3,967 | 4,117,795 |
| State of Illinois Toll Highway Authority, RB, Senior: Priority, Series A, 5.00%, 1/01/40 | | |
| | 1,980 | 2,177,023 |
| Series B, 5.00%, 1/01/40 | | |
| | 6,148 | 6,774,444 |
| | | 18,252,662 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| | Par | |
|--|-----------|----------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (c) | | |
| Nevada 6.3% | | |
| County of Clark Nevada Water Reclamation District, GO (a): | | |
| Limited Tax, 6.00%, 7/01/18 | \$ 10,000 | \$ 10,700,000 |
| Series B, 5.50%, 7/01/19 | 8,247 | 9,089,528 |
| | | 19,789,528 |
| New Jersey 1.8% | | |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29 | | |
| | 3,861 | 3,996,127 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (d) | | |
| | 1,500 | 1,524,230 |
| | | 5,520,357 |
| New York 7.1% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series FF, 5.00%, 6/15/45 | | |
| | 5,958 | 6,594,990 |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39 | | |
| | 2,300 | 2,456,003 |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43 | | |
| | 7,515 | 8,391,539 |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (d) | | |
| | 4,400 | 5,008,034 |
| | | 22,450,566 |
| Pennsylvania 0.7% | | |
| County of Westmoreland Pennsylvania Municipal Authority, Refunding RB (BAM), 5.00%, 8/15/38 | | |
| | 1,963 | 2,166,726 |
| Par | | |
| Municipal Bonds Transferred to Tender Option Bond Trusts (c) | | |
| Texas 1.5% | | |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | | |
| | \$ 4,296 | \$ 4,700,330 |
| Utah 0.8% | | |
| City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41 | | |
| | 2,504 | 2,655,490 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 35.7% | | 112,463,413 |
| Total Long-Term Investments (Cost \$464,105,677) 157.7% | | 497,351,619 |
| Short-Term Securities | | |
| Shares | | |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (e)(f) | | |
| | 6,399,391 | 6,400,031 |
| Total Short-Term Securities (Cost \$6,399,798) 2.0% | | 6,400,031 |
| Total Investments (Cost \$470,505,475) 159.7% | | 503,751,650 |
| Other Assets Less Liabilities 1.6% | | 5,078,902 |
| Liability for TOB Trust Certificates, Including Interest | | |
| Expense and Fees Payable (19.8)% | | (62,396,626) |
| VMTP Shares at Liquidation Value (41.5)% | | (131,000,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 315,433,926 |

Notes to Schedule of Investments

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- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Variable rate security. Rate as of period end.
- (c) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (d) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between May 7, 2018 to November 15, 2019, is \$4,827,875. See Note 4 of the Notes to Financial Statements for details.
- (e) During the six months ended January 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2016 | Net Activity | Shares Held at January 31, 2017 | Value at January 31, 2017 | Income | Net Realized Gain | Change in Unrealized Appreciation (Depreciation) |
|--|------------------------------------|-----------------|---------------------------------------|---------------------------------|----------|----------------------|---|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 627,379 | 5,772,012 | 6,399,391 | \$ 6,400,031 | \$ 3,939 | \$ 329 | \$ 233 |

- (f) Current yield as of period end.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

| Contracts Short | Issue | Expiration | Notional Value | Unrealized Depreciation |
|--------------------|----------------------------|------------|-------------------|----------------------------|
| (39) | 5-Year U.S. Treasury Note | March 2017 | \$ 4,596,820 | \$ (10,406) |
| (121) | 10-Year U.S. Treasury Note | March 2017 | \$ 15,060,719 | (52,606) |
| (68) | Long U.S. Treasury Bond | March 2017 | \$ 10,257,375 | (17,171) |
| (9) | Ultra U.S. Treasury Bond | March 2017 | \$ 1,446,188 | (11,406) |
| Total | | | | \$ (91,589) |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

| Liabilities | Derivative Financial Instruments | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|-------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|-----------|
| Futures contracts | Net unrealized depreciation ¹ | | | | | \$ 91,589 | | \$ 91,589 |

¹ Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from: | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| Futures contracts | | | | | \$ 1,128,892 | | \$ 1,128,892 |
| Net Change in Unrealized Appreciation (Depreciation) on: | | | | | | | |
| Futures contracts | | | | | \$ (30,573) | | \$ (30,573) |

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

Average notional value of contracts short \$ 22,723,504

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 497,351,619 | | \$ 497,351,619 |
| Short-Term Securities | \$ 6,400,031 | | | 6,400,031 |
| Total | \$ 6,400,031 | \$ 497,351,619 | | \$ 503,751,650 |

Derivative Financial Instruments²**Liabilities:**

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| | | |
|-------------------------|-------------|-------------|
| Interest rate contracts | \$ (91,589) | \$ (91,589) |
|-------------------------|-------------|-------------|

¹ See above Schedule of Investments for values in each state or political subdivision.

² Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|-------------------------|---------|-------------------------|
| Liabilities: | | | | |
| TOB Trust Certificates | | \$ (62,324,733) | | \$ (62,324,733) |
| VMTP Shares at Liquidation Value | | (131,000,000) | | (131,000,000) |
| Total | | \$ (193,324,733) | | \$ (193,324,733) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

Schedule of Investments January 31, 2017 (Unaudited)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| California 92.4% | | |
| Corporate 1.3% | | |
| California Pollution Control Financing Authority, RB, AMT, 4.75%, 11/01/46 | \$ 4,000 | \$ 4,190,600 |
| City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34 | 2,435 | 2,659,799 |
| | | 6,850,399 |
| County/City/Special District/School District 37.5% | | |
| Arcadia Unified School District, GO, Election of 2006, Series A, 5.00%, 8/01/37 | 7,925 | 7,946,635 |
| City & County of San Francisco California, COP, Port Facilities Project, Series C, AMT, 5.25%, 3/01/32 | 1,050 | 1,177,344 |
| County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 2/01/19 (a) | 2,000 | 2,192,120 |
| County of Los Angeles Metropolitan Transportation Authority, Refunding RB, Series A, 5.00%, 7/01/42 (b) | 4,000 | 4,647,800 |
| County of Orange California Sanitation District, COP, Series A, 5.00%, 2/01/19 (a) | 2,500 | 2,692,400 |
| County of Orange California Water District, COP, Refunding, 5.25%, 8/15/19 (a) | 9,045 | 9,957,098 |
| County of Orange California Water District Revenue (b): | | |
| 5.00%, 8/15/32 | 1,000 | 1,189,720 |
| 5.00%, 8/15/34 | 2,110 | 2,486,150 |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 2,755 | 3,187,948 |
| El Monte City School District, GO, Los Angeles Country, California Series B, 5.50%, 8/01/46 | 4,265 | 5,043,960 |
| Foothill-De Anza Community College District, COP, Refunding, 5.00%, 4/01/34 | 695 | 775,919 |
| Fremont Union High School District, GO, Refunding, 4.00%, 8/01/40 | 1,150 | 1,196,886 |
| Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 8/01/37 | 2,725 | 3,120,997 |
| Gavilan Joint Community College District, GO, Election of 2004, Series D: | | |
| 5.50%, 8/01/31 | 2,165 | 2,448,442 |
| 5.75%, 8/01/35 | 8,400 | 9,573,396 |
| Grossmont California Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/21 (a) | 2,500 | 2,996,975 |
| Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33 | 1,880 | 2,134,721 |
| Imperial Irrigation District, Series A, Electric System Revenue (a): | | |
| 5.13%, 11/01/18 | 4,085 | 4,377,241 |
| 5.13%, 11/01/18 | 915 | 980,459 |
| Kern Community College District, GO, Safety Repair & Improvements, Series C, 5.25%, 11/01/32 | 5,715 | 6,662,204 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (NPFGC), 5.00%, 8/01/17 (a) | 22,440 | 22,917,523 |
| Los Angeles Municipal Improvement Corp., Refunding LRB, Real Property, Series B (AGC), 5.50%, 4/01/19 (a) | 2,075 | 2,264,551 |
| Mount San Antonio Community College District, GO, Refunding, Election of 2008, Series 2013 A, 5.00%, 8/01/34 | 4,500 | 5,093,190 |
| Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/21 (a) | 8,140 | 9,466,006 |
| Orchard School District, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/19 (a) | 7,490 | 8,193,461 |
| Perris Union High School District, GO, Election of 2012, Series B, 5.25%, 9/01/39 | 2,715 | 3,092,629 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| County/City/Special District/School District (continued) | | |
| Pittsburg Unified School District, GO, Election of 2006, Series B (AGM): | | |
| 5.50%, 8/01/34 | \$ 2,000 | \$ 2,122,300 |
| 5.63%, 8/01/18 (a) | 4,500 | 4,807,800 |
| Poway Unified School District Public Financing Authority, 5.00%, 9/01/29 (b) | 1,735 | 1,949,238 |
| Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33 | 5,000 | 5,273,050 |
| San Diego Unified School District, GO, CAB, Series C (c): | | |
| Election of 2008, 0.00%, 7/01/42 | 2,900 | 968,948 |
| Election of 2008, 0.00%, 7/01/43 | 1,000 | 319,190 |
| Election of 2008, 0.00%, 7/01/45 | 1,300 | 378,469 |
| 0.00%, 7/01/47 | 830 | 221,137 |

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| | | |
|---|--------|-------------|
| San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A: | | |
| 5.75%, 5/01/36 | 2,570 | 2,576,913 |
| 5.75%, 5/01/42 | 4,500 | 5,113,305 |
| San Jose California Financing Authority, Refunding LRB, Civic Center Project, Series A: | | |
| 5.00%, 6/01/32 | 3,375 | 3,815,606 |
| 5.00%, 6/01/39 | 5,800 | 6,439,624 |
| San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34 | 6,475 | 7,125,220 |
| San Leandro California Unified School District, GO, Election of 2010, Series A, 5.75%, 8/01/41 | 3,000 | 3,428,700 |
| Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/19 (a) | 5,600 | 6,247,192 |
| Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/21 (a) | 7,680 | 9,093,888 |
| West Contra Costa California Unified School District, GO: | | |
| Election of 2010, Series A (AGM), 5.25%, 8/01/41 | 6,140 | 6,926,288 |
| Election of 2010, Series B, 5.50%, 8/01/39 | 3,000 | 3,488,010 |
| Election of 2012, Series A, 5.50%, 8/01/39 | 2,500 | 2,906,675 |
| | | 199,017,328 |
| Education 1.6% | | |
| California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42 | | |
| | 2,750 | 3,119,050 |
| California School Finance Authority, | | |
| 5.00%, 7/01/36 (d) | 755 | 758,057 |
| University of California, RB, 5.25%, 5/15/36 | 3,680 | 4,283,741 |
| | | 8,160,848 |
| Health 8.9% | | |
| California Health Facilities Financing Authority, RB: | | |
| Children s Hospital, Series A, 5.25%, 11/01/41 | 10,000 | 11,049,300 |
| Providence Health Services, Series B, | | |
| 5.50%, 10/01/39 | 4,205 | 4,579,498 |
| Sutter Health, Series B, 6.00%, 8/15/42 | 7,715 | 8,786,922 |
| California Health Facilities Financing Authority, Refunding RB, Series A (a): | | |
| Catholic Healthcare West, 6.00%, 7/01/19 | 5,500 | 6,111,545 |
| Dignity Health, 6.00%, 7/01/19 | 2,370 | 2,633,520 |
| California Statewide Communities Development Authority, RB, Sutter Health, Series A, | | |
| 6.00%, 8/15/42 | 5,130 | 5,842,762 |
| California Statewide Communities Development Authority, Refunding RB: | | |
| Catholic Healthcare West, Series D (BHAC), 5.50%, 7/01/17 (a) | 865 | 880,345 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| Health (continued) | | |
| California Statewide Communities Development Authority, Refunding RB (continued): | | |
| CHF Irvine LLC, 5.00%, 5/15/40 | \$ 2,250 | \$ 2,397,825 |
| Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41 | 2,860 | 3,172,512 |
| Washington Township Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/38 | 1,625 | 1,859,650 |
| | | 47,313,879 |
| State 7.5% | | |
| State of California, GO, Various Purposes: | | |
| 6.00%, 3/01/33 | 5,500 | 6,225,505 |
| 6.00%, 4/01/38 | 17,180 | 18,846,975 |
| 6.00%, 11/01/39 | 3,510 | 3,920,740 |
| State of California Public Works Board, LRB: | | |
| Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34 | 3,670 | 4,060,121 |
| Various Capital Projects, Series I, | | |
| 5.50%, 11/01/33 | 2,575 | 3,036,389 |
| Various Capital Projects, Sub-Series I-1, | | |
| 6.13%, 11/01/19 (a) | 3,365 | 3,814,228 |
| | | 39,903,958 |
| Transportation 17.0% | | |
| Alameda Corridor Transportation Authority, Refunding RB, Series B, 5.00%, 10/01/35 | | |
| | 1,500 | 1,638,060 |
| City & County of San Francisco California Airports Commission, ARB: | | |
| Series E, 6.00%, 5/01/39 | 9,650 | 10,613,938 |
| Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20 | 545 | 547,098 |
| Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27 | 985 | 988,713 |
| City & County of San Francisco California Airports Commission, Refunding ARB, AMT: | | |
| 2nd Series 34E (AGM), 5.75%, 5/01/18 (a) | 3,500 | 3,672,690 |
| 2nd Series A, 5.25%, 5/01/33 | 1,900 | 2,108,734 |
| Series A, 5.00%, 5/01/40 | 3,785 | 4,105,211 |
| Series A, 5.00%, 5/01/44 | 2,660 | 2,877,987 |
| City & County of San Francisco California Airports Commission, Refunding RB, AMT (AGM): | | |
| 2nd Series 32, 5.75%, 5/01/18 (a) | 2,285 | 2,418,170 |
| Balance 2nd, 5.75%, 5/01/24 | 2,715 | 2,863,212 |
| City of Los Angeles California Department of Airports, ARB: | | |
| AMT, Series D, 5.00%, 5/15/35 | 2,000 | 2,233,960 |
| AMT, Series D, 5.00%, 5/15/36 | 1,500 | 1,667,445 |
| Los Angeles International Airport, Sub-Series B, 5.00%, 5/15/40 | 2,500 | 2,755,925 |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International | | |
| Airport, Senior Series A, 5.25%, 5/15/29 | 4,760 | 5,163,791 |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 6.25%, 3/01/34 | 1,400 | 1,607,564 |
| County of Orange California, ARB, Series B, | | |
| 5.75%, 7/01/34 | 5,000 | 5,095,600 |
| County of Sacramento California, ARB: | | |
| Senior Series B, AMT (AGM), 5.25%, 7/01/33 | 7,000 | 7,351,890 |
| Subordinated & Passenger Facility Charges/Grant, Series C (AGC), 5.75%, 7/01/18 (a) | 5,555 | 5,926,852 |
| County of Sacramento California, Refunding ARB, Senior Series A, 5.00%, 7/01/41 | 2,500 | 2,787,925 |
| County of Sacramento California Airport System Revenue, Refunding ARB, Airport System | | |
| Subordinate Revenue, SubSeries B, | | |
| 5.00%, 7/01/41 | 1,750 | 1,944,145 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| Transportation (continued) | | |
| County of San Bernardino California Transportation Authority, RB, Series A, 5.25%, 3/01/40 | \$ 4,500 | \$ 5,178,870 |
| County of San Diego California Regional Airport Authority, Refunding ARB, Series B, | | |
| 5.00%, 7/01/40 | 6,350 | 6,933,121 |

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| | | |
|---|--------|-------------|
| Los Angeles Harbor Department, RB, Series B, 5.25%, 8/01/19 (a) | 2,760 | 3,034,013 |
| Port of Los Angeles California Harbor Department, RB, Series B, 5.25%, 8/01/19 (a) | 5,530 | 6,079,018 |
| Port of Los Angeles California Harbor Department, Refunding RB, Series A, AMT, 5.00%, 8/01/44 | 200 | 218,948 |
| | | 89,812,880 |
| Utilities 18.6% | | |
| Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36 | 5,000 | 5,621,750 |
| City of Los Angeles California Department of Water & Power, Refunding RB, Series A: 5.25%, 7/01/39 | 8,000 | 9,039,120 |
| 5.00%, 7/01/46 | 50 | 57,058 |
| City of Los Angeles California Wastewater System, Refunding RB, Sub-Series A, 5.00%, 6/01/28 | 2,000 | 2,206,560 |
| City of San Francisco California Public Utilities Commission Water Revenue, RB, Sub-Series A, 5.00%, 11/01/37 | 10,000 | 11,272,800 |
| City of San Francisco California Public Utilities Commission Water Revenue, Refunding RB, Series A: 5.25%, 11/01/19 (a) | 6,280 | 6,975,510 |
| 5.00%, 11/01/36 | 5,335 | 6,075,978 |
| County of Los Angeles Sanitation Districts Financing Authority, RB, Series A, 4.00%, 10/01/42 | 8,210 | 8,328,142 |
| County of San Diego California Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/18 (a) | 4,895 | 5,142,785 |
| Dublin-San Ramon Services District Water Revenue, Refunding RB, 6.00%, 8/01/41 | 4,000 | 4,609,200 |
| East Bay California Municipal Utility District Wastewater System Revenue, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/17 (a) | 2,500 | 2,535,625 |
| East Bay California Municipal Utility District Water System Revenue, Refunding RB: Series A (NPFGC), 5.00%, 6/01/17 (a) | 3,000 | 3,043,080 |
| Sub-Series A, 5.00%, 6/01/30 | 5,000 | 5,545,150 |
| El Dorado Irrigation District / El Dorado County Water Agency, Refunding RB, Series A (AGM), 5.25%, 3/01/39 | 5,000 | 5,668,600 |
| Los Angeles Department of Water & Power, RB (AMBAC), 5.00%, 7/01/37 | 5,025 | 5,098,214 |
| Metropolitan Water District of Southern California, RB, Series A, 5.00%, 7/01/37 | 15,000 | 15,236,400 |
| San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A, 5.25%, 5/15/19 (a) | 2,000 | 2,186,400 |
| | | 98,642,372 |
| Total Municipal Bonds 92.4% | | 489,701,664 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| California 72.8% | | |
| County/City/Special District/School District 24.7% | | |
| City of Los Angeles Department of Airports, RB, Los Angeles International Airport, AMT, Series A, 5.00%, 5/15/46 | 5,000 | 5,486,150 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

| | Par | |
|--|--------------|---------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| California (continued) | | |
| County/City/Special District/School District (continued) | | |
| County of Riverside California Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/45 | \$ 10,000 | \$ 11,405,667 |
| County of San Luis Obispo Community College District, GO, Refunding, Election of 2014, Series A, 4.00%, 8/01/40 | 6,585 | 6,713,470 |
| County of San Mateo California Community College District, GO, Series A, 5.00%, 9/01/45 | 17,615 | 20,077,135 |
| Los Angeles Community College District California, GO, Series A (a): | | |
| Election of 2001 (AGM), 5.00%, 8/01/32 | 12,000 | 12,255,360 |
| Election of 2003, Series F-1, 5.00%, 8/01/33 | 12,000 | 12,723,000 |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, 6.00%, 8/01/33 (a) | 9,596 | 10,730,218 |
| Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34 | 5,000 | 5,408,850 |
| Palomar California Community College District, GO, Election of 2006, Series C, 5.00%, 8/01/44 | 15,140 | 17,034,165 |
| Sacramento Area Flood Control Agency, Refunding RB, Consolidated Capital Assessment District No.2, 5.00%, 10/01/43 | 10,005 | 11,340,467 |
| West Valley-Mission Community College District, GO, Election of 2012, Series B, 4.00%, 8/01/40 | 17,000 | 17,709,240 |
| | | 130,883,722 |
| Education 13.9% | | |
| Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35 | 11,000 | 12,092,850 |
| University of California, RB: | | |
| Series AM, 5.25%, 5/15/44 | 9,210 | 10,655,141 |
| Series O, 5.75%, 5/15/34 (a) | 11,193 | 12,349,124 |
| University of California, Refunding RB: | | |
| Series A, 5.00%, 11/01/43 | 13,002 | 14,785,543 |
| Series I, 5.00%, 5/15/40 | 21,105 | 23,916,321 |
| | | 73,798,979 |
| Health 14.4% | | |
| California Health Facilities Financing Authority, RB, Sutter Health, Series A, 5.00%, 8/15/52 | 10,000 | 10,772,600 |
| California Health Facilities Financing Authority, Refunding RB: | | |
| Lucile Salter Packard Children's Hospital, Series B, 5.00%, 8/15/55 | 4,500 | 4,962,330 |
| Sutter Health, Series A, 5.00%, 8/15/43 | 24,940 | 27,467,669 |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42 | 19,860 | 21,588,614 |
| Regents of the University of California Medical Center Pooled Revenue, Refunding RB, Series L, 5.00%, 5/15/41 | 10,375 | 11,713,682 |
| | | 76,504,895 |
| State 0.9% | | |
| State of California, GO, Refunding, 4.00%, 9/01/37 | 4,575 | 4,707,126 |
| Transportation 4.7% | | |
| City of Los Angeles California Department of Airports, RB, AMT: | | |
| Los Angeles International Airport, Series B, 5.00%, 5/15/41 | 3,641 | 4,010,441 |
| Senior Revenue, Series A, 5.00%, 5/15/40 | 5,500 | 6,113,965 |
| City of Los Angeles California Department of Airports, Series D, 5.00%, 5/15/41 | 13,311 | 14,756,797 |
| | | 24,881,203 |
| | Par | |
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| California (continued) | | |
| Utilities 14.2% | | |
| Anaheim Public Financing Authority, RB, Refunding, Series A: | | |
| 5.00%, 5/01/39 | \$ 6,000 | \$ 6,628,200 |
| 5.00%, 5/01/46 | 13,500 | 14,840,550 |

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| | | |
|---|---------------|----------------|
| City & County of San Francisco California Public Utilities Commission, RB, Water Revenue, Series B, | | |
| 5.00%, 11/01/39 (a) | 4,380 | 4,835,564 |
| City of Los Angeles California Wastewater System, RB, Green Bonds, Series A, 5.00%, 6/01/44 | 6,290 | 7,102,353 |
| County of San Diego California Water Authority Financing Corp., COP, Refunding, Series A (AGM) (a): | | |
| 5.00%, 5/01/33 | 1,412 | 1,483,275 |
| 5.00%, 5/01/33 | 7,098 | 7,457,501 |
| Los Angeles Department of Water, Refunding RB, Series A, 5.00%, 7/01/46 | 8,413 | 9,600,284 |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1 (AGM), 5.00%, 7/01/37 | 13,525 | 13,721,991 |
| Rancho Water District Financing Authority, Refunding RB, Series A (AGM): | | |
| 5.00%, 8/01/34 (a) | 3,729 | 3,937,415 |
| 5.00%, 8/01/34 | 5,548 | 5,858,368 |
| | | 75,465,501 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 72.8% | | 386,241,426 |
| Total Long-Term Investments (Cost \$838,564,794) 165.2% | | 875,943,090 |
| | | |
| Short-Term Securities | Shares | |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (f)(g) | 194,785 | 194,805 |
| Total Short-Term Securities (Cost \$194,805) 0.0% | | 194,805 |
| Total Investments (Cost \$838,759,599) 165.2% | | 876,137,895 |
| Other Assets Less Liabilities 1.2% | | 6,525,633 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (35.1)% | | (186,102,536) |
| VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (31.3)% | | (166,222,490) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 530,338,502 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

Notes to Schedule of Investments

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) When-issued security.
- (c) Zero-coupon bond.
- (d) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (f) During the six months ended January 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2016 | Net Activity | Shares Held at January 31, 2017 | Value at January 31, 2017 | Income | Net Realized Loss ¹ | Change in Unrealized Appreciation (Depreciation) |
|--|------------------------------------|-----------------|---------------------------------------|---------------------------------|-----------|--------------------------------------|---|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 143,051 | 51,734 | 194,785 | \$ 194,805 | \$ 16,310 | \$ (156) | |

¹ Includes net capital gain distributions.

- (g) Current yield as of period end.

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.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

| Contracts | Issue | Expiration | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------|-------------------|----------------------------|
| Short | | | | |
| (67) | 5-Year U.S. Treasury Note | March 2017 | \$ 7,897,102 | \$ (22,655) |
| (212) | 10-Year U.S. Treasury Note | March 2017 | \$ 26,387,375 | (99,575) |
| (127) | Long U.S. Treasury Bond | March 2017 | \$ 19,157,156 | (65,189) |
| (30) | Ultra U.S. Treasury Bond | March 2017 | \$ 4,820,625 | (21,441) |
| Total | | | | \$ (208,860) |

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

| Liabilities | Derivative Financial Instruments | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|-------------------|--|------------------------|---------------------|---------------------|--|-------------------------------|--------------------|------------|
| Futures contracts | Net unrealized depreciation ¹ | | | | | \$ 208,860 | | \$ 208,860 |

¹ Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|---|------------------------|---------------------|---------------------|--|-------------------------------|--------------------|--------------|
| Net Realized Gain (Loss) from: | | | | | | | |
| Futures contracts | | | | | \$ 2,679,501 | | \$ 2,679,501 |
| Net Change in Unrealized Appreciation (Depreciation) on: | | | | | | | |
| Futures contracts | | | | | \$ (13,270) | | \$ (13,270) |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

Average notional value of contracts short \$ 44,055,863

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 875,943,090 | | \$ 875,943,090 |
| Short-Term Securities | \$ 194,805 | | | 194,805 |
| Total | \$ 194,805 | \$ 875,943,090 | | \$ 876,137,895 |

Derivative Financial Instruments²**Liabilities:**

Interest rate contracts \$ (208,860) \$ (208,860)

¹ See above Schedule of Investments for values in each sector.² Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB Trust Certificates | | \$ (185,697,579) | | \$ (185,697,579) |
| VRDP Shares at Liquidation Value | | (166,500,000) | | (166,500,000) |
| Total | | \$ (352,197,579) | | \$ (352,197,579) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

Schedule of Investments January 31, 2017 (Unaudited)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

(Percentages shown are based on Net Assets)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York 122.0% | | |
| Corporate 1.9% | | |
| City of New York New York Industrial Development Agency, Refunding RB, Transportation Infrastructure Properties LLC, Series A, AMT, 5.00%, 7/01/28 | \$ 930 | \$ 985,781 |
| County of Onondaga New York Industrial Development Agency, RB, Bristol-Meyers Squibb Co. Project, AMT, 5.75%, 3/01/24 | 2,500 | 2,980,575 |
| New York Liberty Development Corp., Refunding RB, Goldman Sachs Headquarters Issue, 5.25%, 10/01/35 | 5,600 | 6,678,224 |
| | | 10,644,580 |
| County/City/Special District/School District 26.9% | | |
| Brooklyn Arena Local Development Corp., Refunding RB, Barclays Center Project, Series A, 5.00%, 7/15/42 | 2,430 | 2,632,054 |
| City of New York New York, GO: | | |
| Series A-1, 5.00%, 8/01/35 | 1,950 | 2,178,072 |
| Series B-1, 4.00%, 12/01/43 | 2,000 | 2,034,120 |
| Sub-Series A-1, 5.00%, 8/01/33 | 2,100 | 2,367,498 |
| Sub-Series D-1, 5.00%, 10/01/33 | 8,350 | 9,354,672 |
| Sub-Series D-1, Fiscal 2014, 5.00%, 8/01/31 | 1,300 | 1,489,670 |
| City of New York New York, GO, Refunding: | | |
| Fiscal 2012, Series I, 5.00%, 8/01/32 | 490 | 554,558 |
| Fiscal 2014, Series E, 5.00%, 8/01/32 | 2,040 | 2,324,519 |
| Series E, 5.50%, 8/01/25 | 6,230 | 7,491,201 |
| City of New York New York Convention Center Development Corp., RB, Sub Lien, Hotel Unit Fee, Series B (a): | | |
| 0.00%, 11/15/46 | 4,000 | 972,800 |
| (AGM), 0.00%, 11/15/56 | 7,825 | 1,271,171 |
| City of New York New York Convention Center Development Corp., Refunding RB, Hotel Unit Fee Secured: | | |
| 5.00%, 11/15/40 | 6,000 | 6,728,640 |
| 5.00%, 11/15/45 | 13,995 | 15,638,153 |
| City of New York New York Industrial Development Agency, RB, PILOT: | | |
| CAB, Yankee Stadium Project, Series A (AGC), 0.00%, 3/01/39 (a) | 5,000 | 1,907,350 |
| CAB, Yankee Stadium Project, Series A (AGC), 0.00%, 3/01/43 (a) | 4,330 | 1,369,319 |
| Queens Baseball Stadium (AGC), 6.38%, 1/01/39 | 1,000 | 1,085,400 |
| Queens Baseball Stadium (AMBAC), 5.00%, 1/01/36 | 6,400 | 6,413,184 |
| Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39 | 1,750 | 1,753,658 |
| Yankee Stadium Project (NPFGC), 5.00%, 3/01/36 | 2,250 | 2,282,805 |
| Yankee Stadium Project (NPFGC), 5.00%, 3/01/46 | 9,650 | 9,721,024 |
| City of New York New York Transitional Finance Authority Future Tax Secured, RB: | | |
| Sub-Series A-1, 5.00%, 11/01/38 | 1,000 | 1,138,370 |
| Sub-Series B-1, 5.00%, 11/01/35 | 2,510 | 2,834,794 |
| Sub-Series B-1, 5.00%, 11/01/36 | 1,690 | 1,903,988 |
| Sub-Series B-1, 5.00%, 11/01/38 | 4,000 | 4,529,200 |
| Sub-Series E-1, 5.00%, 2/01/30 | 1,000 | 1,170,340 |
| City of New York New York Transitional Finance Authority Future Tax Secured, Refunding RB, Series C, 5.00%, 11/01/30 | 1,470 | 1,701,216 |
| Counties of Buffalo & Erie New York Industrial Land Development Corp., Refunding RB, Buffalo State College Foundation Housing Corp. Project, Series A, 5.38%, 10/01/41 | 1,040 | 1,149,231 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| County/City/Special District/School District (continued) | | |

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| | | |
|--|----------|--------------|
| County of Erie New York Industrial Development Agency, RB, City School District of Buffalo | | |
| Project, Series A: | | |
| 5.25%, 5/01/31 | \$ 2,305 | \$ 2,570,836 |
| 5.25%, 5/01/32 | 1,000 | 1,114,050 |
| County of Erie New York Industrial Development Agency, Refunding RB: | | |
| 5.00%, 5/01/29 | 4,060 | 4,741,958 |
| City School District of Buffalo Project, 5.00%, 5/01/28 | 1,000 | 1,177,290 |
| County of Nassau New York, GO: | | |
| Series A, 5.00%, 1/15/31 | 1,770 | 2,056,156 |
| Series B, 5.00%, 10/01/30 | 1,550 | 1,804,867 |
| Hudson Yards Infrastructure Corp., RB: | | |
| Series A (AGC), 5.00%, 2/15/47 | 550 | 554,180 |
| Series A (AGC), 5.00%, 2/15/47 | 4,300 | 4,332,680 |
| Series A (AGM), 5.00%, 2/15/47 | 4,580 | 4,614,808 |
| Series A (NPFGC), 4.50%, 2/15/47 | 11,175 | 11,194,109 |
| Series A (NPFGC), 5.00%, 2/15/47 | 4,665 | 4,700,454 |
| New York Liberty Development Corp., Refunding RB: | | |
| 4 World Trade Center Project, 5.00%, 11/15/31 | 2,570 | 2,862,003 |
| 4 World Trade Center Project, 5.00%, 11/15/44 | 2,000 | 2,193,100 |
| 4 World Trade Center Project, 5.75%, 11/15/51 | 3,000 | 3,414,390 |
| 7 World Trade Center Project, Class 1, 4.00%, 9/15/35 | 1,090 | 1,151,509 |
| 7 World Trade Center Project, Class 2, 5.00%, 9/15/43 | 3,725 | 4,074,330 |
| Town of North Hempstead New York, GO, Refunding, Series B (NPFGC), 6.40%, 4/01/17 | 555 | 560,117 |
| | | 147,113,844 |
| Education 23.1% | | |
| Albany Capital Resource Corp., Refunding RB, Albany College of Pharmacy and Health Sciences, | | |
| Series A: | | |
| 5.00%, 12/01/31 | 250 | 278,385 |
| 5.00%, 12/01/32 | 100 | 111,427 |
| Amherst Development Corp., Refunding RB, University at Buffalo Foundation Faculty-Student | | |
| Housing Corp., Series A (AGM), 4.63%, 10/01/40 | | |
| | 2,000 | 2,082,660 |
| Build NYC Resource Corp., RB, The Chapin School, Ltd. Project: | | |
| 4.00%, 11/01/26 | 640 | 726,931 |
| 5.00%, 11/01/26 | 950 | 1,163,845 |
| Build NYC Resource Corp., Refunding RB: | | |
| New York Law School Project, 5.00%, 7/01/41 | 1,065 | 1,122,116 |
| New York Law School Project, 4.00%, 7/01/45 | 370 | 348,407 |
| Series A, 5.00%, 6/01/43 | 525 | 589,964 |
| City of New York Albany Capital Resource Corp., Refunding RB, Albany College of Pharmacy and | | |
| Health Sciences, Series A, 4.00%, 12/01/34 | | |
| | 110 | 114,501 |
| City of New York New York Trust for Cultural Resources, Refunding RB: | | |
| American Museum of Natural History, | | |
| Series A, 5.00%, 7/01/37 | 2,265 | 2,525,883 |
| American Museum of Natural History, | | |
| Series A, 5.00%, 7/01/41 | 825 | 915,436 |
| Carnegie Hall, Series A, 4.75%, 12/01/39 | 3,550 | 3,806,842 |
| Carnegie Hall, Series A, 5.00%, 12/01/39 | 2,150 | 2,321,484 |
| Museum of Modern Art, Series 1A, 5.00%, 10/01/18 (b) | 1,000 | 1,065,330 |
| Wildlife Conservation Society, Series A, 5.00%, 8/01/42 | 750 | 835,178 |
| City of Troy New York Capital Resource Corp., Refunding RB, Rensselaer Polytechnic Institute | | |
| Project, | | |
| Series A, 5.13%, 9/01/40 | 5,740 | 6,302,176 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Education (continued) | | |
| County of Madison New York Capital Resource Corp., RB, Colgate University Project, Series B: | | |
| 5.00%, 7/01/40 | \$ 815 | \$ 926,981 |
| 5.00%, 7/01/43 | 2,940 | 3,339,311 |
| County of Monroe New York Industrial Development Corp., RB, University of Rochester Project, Series B, 4.50%, 7/01/35 | 3,885 | 4,167,906 |
| County of Monroe New York Industrial Development Corp., Refunding RB, University of Rochester Project, Series A: | | |
| 5.00%, 7/01/38 | 1,440 | 1,612,282 |
| 4.00%, 7/01/39 | 500 | 516,235 |
| County of Onondaga New York, RB, Syracuse University Project: | | |
| 5.00%, 12/01/30 | 1,190 | 1,329,063 |
| 5.00%, 12/01/36 | 1,150 | 1,287,735 |
| County of St. Lawrence New York Industrial Development Agency, RB, Clarkson University Project, 5.38%, 9/01/41 | 500 | 560,950 |
| County of Tompkins New York Development Corp., RB, Ithaca College Project (AGM): | | |
| 5.50%, 7/01/33 | 500 | 555,230 |
| 5.25%, 7/01/36 | 860 | 944,667 |
| County of Tompkins New York Industrial Development Agency, RB, Civic Facility Cornell University Project, Series A, 5.00%, 7/01/37 | 675 | 744,255 |
| State of New York Dormitory Authority, RB: | | |
| Columbia University, Series A-2, 5.00%, 10/01/46 | 1,250 | 1,635,837 |
| Convent of the Sacred Heart (AGM), 5.75%, 11/01/40 | 2,075 | 2,337,218 |
| Fordham University, Series A, 5.00%, 7/01/28 | 325 | 367,341 |
| Fordham University, Series A, 5.50%, 7/01/36 | 1,550 | 1,766,597 |
| General Purpose, Series A, 5.00%, 2/15/36 | 5,500 | 6,164,675 |
| New School (AGM), 5.50%, 7/01/20 (b) | 4,050 | 4,600,597 |
| New York University Mount Sinai School of Medicine, 5.13%, 7/01/19 (b) | 665 | 726,313 |
| New York University, Series 1 (AMBAC), 5.50%, 7/01/40 | 4,580 | 5,848,477 |
| New York University, Series B, 5.00%, 7/01/34 | 1,000 | 1,078,550 |
| New York University, Series B, 5.00%, 7/01/37 | 600 | 676,506 |
| New York University, Series B, 5.00%, 7/01/42 | 3,240 | 3,625,236 |
| New York University, Series C, 5.00%, 7/01/18 (b) | 2,000 | 2,112,240 |
| State University Dormitory Facilities, Series A, 5.00%, 7/01/35 | 800 | 882,080 |
| State University Dormitory Facilities, Series A, 5.00%, 7/01/40 | 2,035 | 2,231,032 |
| State University Dormitory Facilities, Series A, 5.00%, 7/01/41 | 1,500 | 1,659,510 |
| State of New York Dormitory Authority, Refunding RB: | | |
| 3rd General Resolution, State University Educational Facilities Issue, Series A, 5.00%, 5/15/29 | 1,000 | 1,146,320 |
| Barnard College, Series A, 5.00%, 7/01/34 | 1,150 | 1,295,325 |
| Barnard College, Series A, 4.00%, 7/01/36 | 530 | 541,013 |
| Barnard College, Series A, 4.00%, 7/01/37 | 400 | 406,860 |
| Barnard College, Series A, 5.00%, 7/01/43 | 2,500 | 2,790,575 |
| Cornell University, Series A, 5.00%, 7/01/40 | 700 | 772,548 |
| Fordham University, 5.00%, 7/01/44 | 2,130 | 2,341,445 |
| Icahn School of Medicine at Mount Sinai, Series A, 5.00%, 7/01/35 | 1,600 | 1,741,968 |
| New York University Mount Sinai School of Medicine (NPFGC), 5.00%, 7/01/17 (b) | 6,100 | 6,207,360 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Education (continued) | | |
| State of New York Dormitory Authority, Refunding RB (continued): | | |
| New York University, Series A, 5.00%, 7/01/31 | \$ 3,955 | \$ 4,500,157 |
| New York University, Series A, 5.00%, 7/01/37 | 4,775 | 5,383,860 |
| Pratt Institute, 5.00%, 7/01/46 | 1,210 | 1,347,311 |
| Rochester Institute of Technology, 5.00%, 7/01/42 | 750 | 827,618 |
| St. John's University, Series A, 5.00%, 7/01/37 | 2,680 | 2,956,415 |

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| | | |
|---|-------|-------------|
| State University Dormitory Facilities, Series A, 5.25%, 7/01/30 | 4,195 | 4,834,612 |
| State University Dormitory Facilities, Series A, 5.25%, 7/01/31 | 8,735 | 10,000,265 |
| State University Dormitory Facilities, Series A, 5.00%, 7/01/42 | 1,490 | 1,667,161 |
| State University Dormitory Facilities, Series B, 5.00%, 7/01/32 | 500 | 572,680 |
| State University Dormitory Facilities, Series B, 5.00%, 7/01/33 | 1,140 | 1,300,261 |
| | | 126,641,143 |
| Health 10.4% | | |
| City of New York New York Health & Hospital Corp., Refunding RB, Health System, Series A, 5.00%, 2/15/30 | 2,200 | 2,363,130 |
| County of Dutchess New York Industrial Development Agency, RB, Vassar Brothers Medical Center (AGC): | | |
| 5.50%, 4/01/30 | 250 | 276,438 |
| 5.50%, 4/01/34 | 490 | 538,289 |
| County of Dutchess New York Local Development Corp., RB, Health Quest Systems, Inc., Series B: | | |
| 3.00%, 7/01/36 | 1,360 | 1,156,109 |
| 4.00%, 7/01/41 | 1,055 | 1,037,192 |
| County of Monroe New York Industrial Development Corp., RB, Rochester General Hospital Project, Series A: | | |
| 5.00%, 12/01/32 | 830 | 902,899 |
| 5.00%, 12/01/37 | 350 | 375,557 |
| County of Monroe New York Industrial Development Corp., Refunding RB, Unity Hospital of Rochester Project (FHA), 5.50%, 8/15/40 | 5,650 | 6,338,565 |
| County of Suffolk New York EDC, RB, Catholic Health Services, Series C, 5.00%, 7/01/32 | 625 | 675,156 |
| County of Westchester New York Healthcare Corp., Refunding RB, Senior Lien, Remarketing, Series A, 5.00%, 11/01/30 | 1,790 | 1,939,465 |
| State of New York Dormitory Authority, RB: | | |
| General Purpose, Series A, 5.00%, 2/15/42 | 3,000 | 3,414,420 |
| Healthcare, Series A, 5.00%, 3/15/19 (b) | 2,000 | 2,161,560 |
| Hudson Valley Hospital (BHAC) (FHA), 5.00%, 8/15/36 | 6,500 | 6,624,930 |
| New York University Hospitals Center, Series A, 5.75%, 7/01/20 (b) | 3,450 | 3,947,697 |
| New York University Hospitals Center, Series A, 6.00%, 7/01/20 (b) | 1,100 | 1,267,827 |
| North Shore-Long Island Jewish Obligated Group, Series A, 5.50%, 5/01/19 (b) | 2,075 | 2,272,955 |
| North Shore-Long Island Jewish Obligated Group, Series C, 4.25%, 5/01/39 | 1,000 | 1,036,610 |
| North Shore-Long Island Jewish Obligated Group, Series D, 4.25%, 5/01/39 | 300 | 310,983 |
| State of New York Dormitory Authority, Refunding RB, Series A: | | |
| New York University Hospitals Center, 5.00%, 7/01/17 (b) | 1,500 | 1,526,520 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Health (continued) | | |
| State of New York Dormitory Authority, Refunding RB, Series A (continued): | | |
| North Shore-Long Island Jewish Obligated Group, 5.00%, 5/01/32 | \$ 3,525 | \$ 3,946,449 |
| North Shore-Long Island Jewish Obligated Group, 5.00%, 5/01/32 | 4,000 | 4,378,680 |
| North Shore-Long Island Jewish Obligated Group, 5.25%, 5/01/34 | 9,220 | 10,165,419 |
| | | 56,656,850 |
| Housing 4.6% | | |
| City of New York New York Housing Development Corp., RB, M/F Housing: | | |
| Fund Grant Program, New York City Housing Authority Program, Series B1, 5.25%, 7/01/32 | 6,865 | 7,764,590 |
| Fund Grant Program, New York City Housing Authority Program, Series B1, 5.00%, 7/01/33 | 1,675 | 1,853,722 |
| Series A-1-A, AMT, 5.00%, 11/01/30 | 750 | 757,943 |
| Series A-1-A, AMT, 5.45%, 11/01/46 | 1,335 | 1,367,160 |
| Series H-2-A, AMT, 5.20%, 11/01/35 | 840 | 848,291 |
| Series H-2-A, AMT, 5.35%, 5/01/41 | 600 | 612,384 |
| Sustainable Neighborhood Bonds, Series C-1-A, 3.40%, 11/01/47 | 3,150 | 2,781,544 |
| City of New York New York Housing Development Corp., Refunding RB, M/F Housing, 8 Spruce Street, Class F, 4.50%, 2/15/48 | 1,230 | 1,253,985 |
| City of Yonkers New York Industrial Development Agency, RB, Monastery Manor Associates LP Project, AMT (SONYMA), 5.25%, 4/01/37 | 2,445 | 2,450,575 |
| County of Monroe New York Industrial Development Agency, IDR, Southview Towers Project, AMT (SONYMA): | | |
| 6.13%, 2/01/20 | 305 | 305,991 |
| 6.25%, 2/01/31 | 1,125 | 1,127,700 |
| State of New York HFA, RB, Series A: | | |
| Affordable Housing (Fannie Mae), 4.00%, 11/01/42 | 2,630 | 2,600,649 |
| St. Philip s Housing, AMT (Fannie Mae), 4.65%, 11/15/38 | 1,500 | 1,500,465 |
| | | 25,224,999 |
| State 10.8% | | |
| City of New York New York Transitional Finance Authority, BARB: | | |
| Fiscal 2008, Series S-1, 4.50%, 1/15/38 | 1,700 | 1,742,857 |
| Fiscal 2009, Series S-1 (AGC), 5.50%, 7/15/38 | 6,000 | 6,344,220 |
| Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/33 | 5,500 | 5,930,485 |
| Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/39 | 1,500 | 1,617,405 |
| Fiscal 2015, Series S-1, 5.00%, 7/15/37 | 2,000 | 2,245,080 |
| Series S-2 (AGM) (NPFGC), 5.00%, 1/15/37 | 5,000 | 5,013,550 |
| Series S-2 (NPFGC), 4.25%, 1/15/34 | 4,025 | 4,032,487 |
| Metropolitan Transportation Authority, Refunding RB, Dedicated Tax Fund: | | |
| Series B, 5.00%, 11/15/34 | 1,500 | 1,634,355 |
| Sub-Series B-1, 5.00%, 11/15/31 | 3,465 | 3,953,877 |
| Sales Tax Asset Receivable Corp., Refunding RB, Series A, 4.00%, 10/15/32 | 3,835 | 4,124,312 |
| State of New York Dormitory Authority, RB: | | |
| General Purpose, Series B, 5.00%, 3/15/37 | 1,000 | 1,125,100 |
| General Purpose, Series B, 5.00%, 3/15/42 | 7,500 | 8,344,125 |
| Master BOCES Program Lease (AGC), 5.00%, 8/15/28 | 1,750 | 1,874,285 |
| School Districts Financing Program, Series C (AGM), 5.00%, 10/01/17 (b) | 4,050 | 4,162,671 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| State (continued) | | |
| State of New York Dormitory Authority, RB (continued): | | |
| Series B, 5.00%, 3/15/37 | \$ 2,000 | \$ 2,287,140 |
| State Personal Income Tax, Series A, 5.00%, 2/15/43 | 1,000 | 1,105,630 |
| State of New York Thruway Authority, RB, 2nd General Highway & Bridge Trust, Series B, 5.00%, 10/01/17 (b) | 1,500 | 1,541,730 |

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|--|-------|------------|
| State of New York Urban Development Corp., RB, State Personal Income Tax, Series C, 5.00%, 3/15/32 | 2,000 | 2,288,260 |
| | | 59,367,569 |
| Tobacco 2.4% | | |
| Counties of New York Tobacco Trust VI, Refunding RB, Tobacco Settlement Pass-Through: | | |
| Series A, 5.00%, 6/01/41 | 425 | 451,580 |
| Series B, 5.00%, 6/01/45 | 1,820 | 1,922,866 |
| Series C, 5.00%, 6/01/51 | 800 | 811,992 |
| County of Chautauqua New York Tobacco Asset Securitization Corp., Refunding RB, 4.75%, 6/01/39 | 2,190 | 2,194,577 |
| County of Niagara New York Tobacco Asset Securitization Corp., Refunding RB, Asset-Backed: | | |
| 5.25%, 5/15/34 | 1,650 | 1,815,314 |
| 5.25%, 5/15/40 | 2,250 | 2,458,867 |
| Westchester Tobacco Asset Securitization, Refunding RB, Sub Series C, 4.00%, 6/01/42 | 3,445 | 3,374,894 |
| | | 13,030,090 |
| Transportation 26.6% | | |
| Metropolitan Transportation Authority, RB: | | |
| Series A, 5.00%, 11/15/27 | 1,000 | 1,131,320 |
| Series A, 5.00%, 11/15/30 | 1,000 | 1,124,940 |
| Series A-1, 5.25%, 11/15/33 | 2,565 | 2,925,434 |
| Series A-1, 5.25%, 11/15/34 | 2,840 | 3,227,859 |
| Series D, 5.25%, 11/15/41 | 3,450 | 3,887,425 |
| Series E, 5.00%, 11/15/38 | 7,785 | 8,638,625 |
| Series E, 5.00%, 11/15/43 | 4,000 | 4,428,320 |
| Series H, 5.00%, 11/15/31 | 1,690 | 1,905,661 |
| Sub-Series B, 5.00%, 11/15/25 | 3,250 | 3,757,098 |
| Transportation, Series C, 6.50%, 11/15/28 | 615 | 672,503 |
| Metropolitan Transportation Authority, Refunding RB: | | |
| Green Bonds, Series A-1, 4.00%, 11/15/46 | 315 | 318,893 |
| Green Bonds, Series A-1, 5.25%, 11/15/56 | 3,110 | 3,503,726 |
| Series C-1, 5.25%, 11/15/56 | 1,355 | 1,534,253 |
| Series D, 5.25%, 11/15/29 | 1,000 | 1,123,830 |
| Metropolitan Transportation Authority Hudson Rail Yards Trust Obligations, Refunding RB, Series A: | | |
| 5.00%, 11/15/56 | 5,655 | 6,056,957 |
| 5.00%, 11/15/51 | 825 | 882,824 |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated, 5.25%, 12/15/43 | 3,500 | 3,908,345 |
| New York Transportation Development Corp., RB, LaGuardia Airport Terminal B Redevelopment Project, Series A, AMT: | | |
| 5.00%, 7/01/46 | 6,615 | 6,899,313 |
| 5.25%, 1/01/50 | 6,335 | 6,683,045 |
| (AGM), 4.00%, 7/01/41 | 1,575 | 1,536,539 |
| Niagara Falls Bridge Commission, Refunding RB, Toll Bridge System, Series A (AGC), 4.00%, 10/01/19 | 1,200 | 1,259,208 |
| Port Authority of New York & New Jersey, ARB: | | |
| Consolidated, 163rd Series, 5.00%, 7/15/35 | 2,500 | 2,753,675 |
| Consolidated, 169th Series, 5.00%, 10/15/41 | 1,000 | 1,068,980 |
| Consolidated, 183rd Series, 4.00%, 6/15/44 | 1,500 | 1,551,270 |
| JFK International Air Terminal LLC, Special Project, Series 6, AMT (NPFGC), 5.75%, 12/01/22 | 8,160 | 8,281,421 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Transportation (continued) | | |
| Port Authority of New York & New Jersey, Refunding ARB: | | |
| 178th Series, AMT, 5.00%, 12/01/33 | \$ 1,140 | \$ 1,262,789 |
| 179th Series, 5.00%, 12/01/38 | 1,390 | 1,578,011 |
| Consolidated, 147th Series, AMT, 4.75%, 4/15/37 | 2,250 | 2,257,943 |
| Consolidated, 177th Series, AMT, 4.00%, 1/15/43 | 735 | 741,975 |
| Consolidated, 178th Series, AMT, 5.00%, 12/01/43 | 750 | 820,200 |
| Consolidated, 186th Series, AMT, 5.00%, 10/15/44 | 1,000 | 1,099,070 |
| Consolidated, 189th Series, 5.00%, 5/01/45 | 2,875 | 3,218,735 |
| Port Authority of New York & New Jersey, Refunding RB, Series G (AGM), 5.75%, 12/01/25 | 3,500 | 3,552,080 |
| State of New York Thruway Authority, RB, Junior Lien, Series A: | | |
| 4.00%, 1/01/51 | 1,400 | 1,406,230 |
| 5.25%, 1/01/56 | 3,880 | 4,354,679 |
| State of New York Thruway Authority, Refunding RB: | | |
| 5.00%, 1/01/29 | 2,225 | 2,558,439 |
| 5.00%, 1/01/31 | 1,500 | 1,702,050 |
| General, Series I, 5.00%, 1/01/37 | 4,750 | 5,259,010 |
| General, Series I, 5.00%, 1/01/42 | 3,250 | 3,545,003 |
| General, Series K, 5.00%, 1/01/32 | 3,500 | 3,955,700 |
| Series J, 5.00%, 1/01/41 | 6,275 | 6,913,418 |
| Triborough Bridge & Tunnel Authority, RB, Series B: | | |
| 5.00%, 11/15/40 | 1,010 | 1,146,623 |
| 5.00%, 11/15/45 | 1,500 | 1,699,215 |
| Triborough Bridge & Tunnel Authority, Refunding RB: | | |
| General, CAB, Series B, 0.00%, 11/15/32 (a) | 9,590 | 5,560,474 |
| General, Series A, 5.00%, 11/15/38 | 1,000 | 1,112,250 |
| General, Series A, 5.25%, 11/15/45 | 1,460 | 1,683,219 |
| General, Series A, 5.00%, 11/15/50 | 4,500 | 5,054,085 |
| Series C, 5.00%, 11/15/38 | 2,000 | 2,118,640 |
| Sub-Series A, 5.00%, 11/15/28 | 2,500 | 2,865,850 |
| Sub-Series A, 5.00%, 11/15/29 | 875 | 997,036 |
| | | 145,524,188 |
| Utilities 15.3% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System: | | |
| 2nd General Resolution, Fiscal 2010, Series FF, 5.00%, 6/15/31 | 1,500 | 1,665,705 |
| 2nd General Resolution, Fiscal 2011, Series BB, 5.00%, 6/15/31 | 1,000 | 1,110,470 |
| 2nd General Resolution, Fiscal 2011, Series GG, 5.00%, 6/15/43 | 1,000 | 1,108,560 |
| 2nd General Resolution, Fiscal 2015, Series HH, 5.00%, 6/15/39 | 3,000 | 3,403,170 |
| 2nd General Resolution, Series DD, 5.00%, 6/15/32 | 3,750 | 3,933,413 |
| Fiscal 2016, Series A, 3.00%, 6/15/36 | 1,750 | 1,603,945 |
| Long Island Power Authority, RB, General, Electric Systems, Series A (AGM), 5.00%, 5/01/36 | 3,775 | 4,145,176 |
| Long Island Power Authority, Refunding RB: | | |
| Electric System, Series A, 5.00%, 9/01/34 | 1,000 | 1,106,840 |
| Electric System, Series B, 5.00%, 9/01/41 | 590 | 658,458 |
| Electric System, Series B, 5.00%, 9/01/46 | 2,750 | 3,054,920 |
| Electric Systems, Series A (AGC), 5.75%, 4/01/39 | 1,015 | 1,099,915 |
| General, Electric Systems, Series A (AGC), 6.00%, 5/01/19 (b) | 1,500 | 1,659,690 |
| State of New York Environmental Facilities Corp., RB: | | |
| 5.00%, 3/15/45 | 5,145 | 5,806,544 |
| Series B, Revolving Funds, Green Bonds, 5.00%, 9/15/40 | 1,195 | 1,360,567 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| Utilities (continued) | | |
| State of New York Environmental Facilities Corp., Refunding RB: | | |
| Revolving Funds, New York City Municipal Water, Series B, 5.00%, 6/15/33 | \$ 1,040 | \$ 1,090,575 |

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| | | |
|--|--------|-------------|
| Revolving Funds, New York City Municipal Water, Series B, 5.00%, 6/15/36 | 2,100 | 2,348,346 |
| Series A, 5.00%, 6/15/40 | 4,275 | 4,883,332 |
| Series A, 5.00%, 6/15/45 | 18,920 | 21,418,008 |
| Subordinated SRF Bonds, 3.00%, 6/15/35 | 2,985 | 2,749,513 |
| State of New York Power Authority, Refunding RB, Series A, 5.00%, 11/15/38 | 4,920 | 5,511,827 |
| Utility Debt Securitization Authority, Refunding RB, Restructuring: 3.00%, 12/15/32 | 1,600 | 1,575,840 |
| Series E, 5.00%, 12/15/41 | 9,960 | 11,274,322 |
| Western Nassau County Water Authority, RB, Series A, 5.00%, 4/01/40 | 1,185 | 1,309,366 |
| | | 83,878,502 |
| Total Municipal Bonds in New York | | 668,081,765 |
| Guam 0.3% | | |
| Utilities 0.3% | | |
| Guam Power Authority, RB, Series A (AGM), 5.00%, 10/01/37 | 1,380 | 1,505,553 |
| Puerto Rico 0.9% | | |
| Housing 0.9% | | |
| Puerto Rico Housing Finance Authority, Refunding RB, M/F Housing, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27 | 4,580 | 4,831,167 |
| Total Municipal Bonds 123.2% | | 674,418,485 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (c) | | |
| New York 42.4% | | |
| County/City/Special District/School District 6.5% | | |
| City of New York New York, GO, Refunding, Series E: 5.00%, 8/01/27 | 1,064 | 1,155,057 |
| 5.00%, 8/01/29 | 2,000 | 2,358,420 |
| City of New York New York, GO: Sub-Series C-3 (AGC), 5.75%, 8/15/19 (b) | 916 | 995,591 |
| Sub-Series C-3 (AGC), 5.75%, 8/15/28 (d) | 13,484 | 14,658,361 |
| Sub-Series I-1, 5.00%, 3/01/36 | 3,500 | 3,919,930 |
| City of New York New York Convention Center Development Corp., Refunding RB, Hotel Unit Fee Secured, 5.00%, 11/15/32 | 3,500 | 3,987,795 |
| City of New York New York Transitional Finance Authority, RB, Future Tax Secured, Sub-Series D-1, 5.00%, 11/01/38 | 4,125 | 4,594,755 |
| New York Liberty Development Corp., Refunding RB, 7 World Trade Center Project, Class 1, 5.00%, 9/15/40 | 3,645 | 4,062,097 |
| | | 35,732,006 |
| Education 7.1% | | |
| City of New York New York Trust for Cultural Resources, Refunding RB, Wildlife Conservation Society, Series A, 5.00%, 8/01/33 | 1,981 | 2,267,744 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (c) | | |
| New York (continued) | | |
| Education (continued) | | |
| State of New York Dormitory Authority, LRB, State University Dormitory Facilities: | | |
| 5.25%, 7/01/19 (b) | \$ 6,000 | \$ 6,575,520 |
| New York University, 5.00%, 7/01/35 | 5,198 | 5,794,311 |
| State of New York Dormitory Authority, RB, Series A: | | |
| 5.00%, 3/15/44 | 5,548 | 6,228,090 |
| New York University, 5.00%, 7/01/18 (b) | 6,498 | 6,862,798 |
| New York University (AMBAC), 5.00%, 7/01/17 (b) | 5,707 | 5,807,889 |
| State of New York Dormitory Authority, Refunding RB, Series E, 5.25%, 3/15/33 | 4,500 | 5,278,995 |
| | | 38,815,347 |
| State 8.6% | | |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (d) | 9,739 | 11,023,411 |
| Sales Tax Asset Receivable Corp., Refunding RB, Fiscal 2015, Series A: | | |
| 5.00%, 10/15/31 | 7,995 | 9,326,727 |
| 4.00%, 10/15/32 | 8,000 | 8,603,520 |
| State of New York Dormitory Authority, ERB, Series B, 5.75%, 3/15/36 | 7,850 | 8,553,438 |
| State of New York Dormitory Authority, RB, Series C: | | |
| General Purpose, 5.00%, 3/15/41 | 1,650 | 1,812,740 |
| Mental Health Services Facilities, AMT (AGM), 5.40%, 2/15/33 | 6,297 | 6,638,507 |
| State of New York Urban Development Corp., Refunding RB, State Personal Income Tax, Series A, 5.00%, 3/15/45 | 1,001 | 1,132,905 |
| | | 47,091,248 |
| Transportation 13.2% | | |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, | | |
| 5.25%, 12/15/43 | 17,999 | 20,099,496 |
| Port Authority of New York & New Jersey, ARB, Consolidated, 169th Series, AMT: | | |
| 5.00%, 10/15/25 | 7,990 | 8,943,274 |
| 5.00%, 10/15/26 | 6,000 | 6,684,060 |
| Port Authority of New York & New Jersey, Refunding ARB, 194th Series, 5.25%, 10/15/55 | 3,900 | 4,423,458 |
| State of New York Thruway Authority, Refunding RB: | | |
| General, Series H (AGM), 5.00%, 1/01/37 | 10,000 | 10,313,600 |
| Transportation, Personal Income Tax, Series A, 5.00%, 3/15/31 | 3,940 | 4,464,217 |
| Triborough Bridge & Tunnel Authority, Refunding RB, Series A, 5.00%, 11/15/46 | 15,000 | 17,089,500 |
| | | 72,017,605 |
| | Par | |
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (c) | | |
| New York (continued) | | |
| Utilities 7.0% | | |
| City of New York New York Municipal Water Finance Authority, RB, Water & Sewer System, Fiscal 2009, Series A: | | |
| 5.75%, 6/15/18 (b) | \$ 942 | \$ 997,308 |
| 5.75%, 6/15/40 | 3,151 | 3,335,442 |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution: | | |
| Fiscal 2011, Series HH, 5.00%, 6/15/32 | 9,900 | 11,075,229 |
| Fiscal 2012, Series BB, 5.00%, 6/15/44 | 3,991 | 4,454,730 |
| Series FF-2, 5.50%, 6/15/40 | 2,760 | 3,014,141 |
| New York State Environmental Facilities Corp., RB, Subordinated SRF Bonds, 4.00%, 6/15/46 | 1,488 | 1,538,085 |
| Utility Debt Securitization Authority, Refunding RB: | | |
| 5.00%, 12/15/41 | 5,998 | 6,789,710 |
| Restructuring, 5.00%, 12/15/36 | 3,498 | 4,028,096 |
| Restructuring, Series B, 4.00%, 12/15/35 | 2,980 | 3,164,194 |

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| | | |
|--|---------------|----------------|
| | | 38,396,935 |
| Total Municipal Bonds Transferred to | | |
| Tender Option Bond Trusts 42.4% | | 232,053,141 |
| Total Long-Term Investments | | |
| (Cost \$865,940,417) 165.6% | | 906,471,626 |
| | | |
| Short-Term Securities | Shares | |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (e)(f) | 2,502,273 | 2,502,523 |
| Total Short-Term Securities | | |
| (Cost \$2,502,273) 0.4% | | 2,502,523 |
| Total Investments (Cost \$868,442,690) 166.0% | | 908,974,149 |
| Other Assets Less Liabilities 1.3% | | 7,308,772 |
| Liability for TOB Trust Certificates, Including | | |
| Interest Expense and Fees Payable (22.1)% | | (121,446,817) |
| VRDP Shares at Liquidation Value, Net of Deferred Offering | | |
| Costs (45.2)% | | (247,330,711) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 547,505,393 |

Notes to Schedule of Investments

- (a) Zero-coupon bond.
- (b) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (d) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between February 15, 2017 to February 15, 2019 is \$12,778,278. See Note 4 of the Notes to Financial Statements for details.

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

(e) During the six months ended January 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2016 | Net Activity | Shares Held at January 31, 2017 | Value at January 31, 2017 | Income | Net Realized Gain ¹ | Change in Unrealized Appreciation (Depreciation) |
|---|------------------------------------|-----------------|---------------------------------------|---------------------------------|----------|--------------------------------------|---|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 1,544,681 | 957,592 | 2,502,273 | \$ 2,502,523 | \$ 5,876 | \$ 340 | \$ 250 |

¹ Includes net capital gain distributions.

(f) Current yield as of period end.

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.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

| Contracts | Issue | Expiration | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------|-------------------|----------------------------|
| Short | | | | |
| (62) | 5-Year U.S. Treasury Note | March 2017 | \$ 7,307,766 | \$ (19,243) |
| (331) | 10-Year U.S. Treasury Note | March 2017 | \$ 41,199,156 | (94,576) |
| (188) | Long U.S. Treasury Bond | March 2017 | \$ 28,358,625 | (45,415) |
| (44) | Ultra U.S. Treasury Bond | March 2017 | \$ 7,070,250 | (34,484) |
| Total | | | | \$ (193,718) |

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

| Liabilities | Derivative Financial Instruments | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|-------------------|--|------------------------|---------------------|---------------------|--|-------------------------------|--------------------|------------|
| Futures contracts | Net unrealized depreciation ¹ | | | | | \$ 193,718 | | \$ 193,718 |

¹ Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from: | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency | Interest Rate | Other Contracts | Total |
|--------------------------------|------------------------|---------------------|---------------------|---------------------|------------------|--------------------|-------|
|--------------------------------|------------------------|---------------------|---------------------|---------------------|------------------|--------------------|-------|

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| | Exchange Contracts | Contracts |
|---|-----------------------|---------------------|
| Futures contracts | | \$ 2,910,352 |
| Net Change in Unrealized Appreciation (Depreciation) on: | | \$ 2,910,352 |
| Futures contracts | \$ 315,487 | \$ 315,487 |

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

| | |
|---|---------------|
| Average notional value of contracts - short | \$ 57,679,547 |
|---|---------------|

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 906,471,626 | | \$ 906,471,626 |
| Short-Term Securities | \$ 2,502,523 | | | 2,502,523 |
| Total | \$ 2,502,523 | \$ 906,471,626 | | \$ 908,974,149 |
| Derivative Financial Instruments ² | | | | |
| Liabilities: | | | | |
| Interest rate contracts | \$ (193,718) | | | \$ (193,718) |

¹ See above Schedule of Investments for values in each sector.

² Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB Trust Certificates | | \$ (121,226,531) | | \$ (121,226,531) |
| VRDP Shares at Liquidation Value | | (247,700,000) | | (247,700,000) |
| Total | | \$ (368,926,531) | | \$ (368,926,531) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

Schedule of Investments January 31, 2017 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Alabama 0.7% | | |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/19 (a) | \$ 3,605 | \$ 3,997,044 |
| City of Birmingham Alabama, GO, Convertible CAB, Series A1, 0.00%, 3/01/45 (b) | 2,920 | 2,892,172 |
| | | 6,889,216 |
| Alaska 1.5% | | |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 2,979,471 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC) (a): | | |
| 6.00%, 9/01/19 | 6,450 | 7,218,711 |
| 6.00%, 9/01/19 | 3,700 | 4,140,966 |
| | | 14,339,148 |
| Arizona 0.7% | | |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40 | 120 | 122,429 |
| County of Maricopa Arizona IDA, Refunding RB, Banner Health Obligation Group, Series A: | | |
| 3.25%, 1/01/37 | 2,020 | 1,836,665 |
| 5.00%, 1/01/38 | 1,095 | 1,233,550 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,075 | 3,330,440 |
| | | 6,523,084 |
| California 12.9% | | |
| Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/17 (a)(b) | 10,000 | 10,303,400 |
| Alameda County Joint Powers Authority, Refunding RB, 5.00%, 12/01/17 (a) | 6,990 | 7,232,553 |
| California Health Facilities Financing Authority, RB: | | |
| St. Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,684,137 |
| Sutter Health, Series B, 5.88%, 8/15/31 | 3,200 | 3,649,856 |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/37 | 2,965 | 3,277,719 |
| California State University, RB, Systemwide, Series A, 5.50%, 5/01/19 (a) | 1,525 | 1,671,797 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37 | 1,065 | 1,074,745 |
| California Statewide Communities Development Authority, RB: | | |
| Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,380,771 |
| St. Joseph Health System, Series E (AGM), 5.25%, 7/01/18 (a) | 4,000 | 4,240,840 |
| City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30 | 1,900 | 1,981,415 |
| City of San Jose California, Refunding ARB, AMT: | | |
| Series A (AMBAC), 5.50%, 3/01/32 | 11,965 | 12,006,758 |
| Series A-1, 5.75%, 3/01/34 | 2,300 | 2,596,539 |
| County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/18 (a) | 10,000 | 10,564,100 |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 1,830 | 2,117,584 |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/34 (c) | 5,000 | 1,849,250 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 8/01/31 (c) | 5,110 | 2,889,807 |
| Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 8/01/34 (c) | 5,000 | 2,447,200 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| California (continued) | | |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/17 (a) | \$ 1,200 | \$ 1,225,536 |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (b) | 3,975 | 2,808,059 |
| | 7,620 | 2,878,226 |

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| | | |
|---|--------|-------------|
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (c) | | |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33 | 2,500 | 2,630,625 |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (c): | | |
| 0.00%, 8/01/35 | 7,820 | 3,585,392 |
| 0.00%, 8/01/36 | 10,000 | 4,370,500 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (c): | | |
| 0.00%, 8/01/37 | 8,000 | 3,453,600 |
| 0.00%, 8/01/38 | 12,940 | 5,361,818 |
| San Diego California Unified School District, GO, CAB, Election of 2008, Series G (c): | | |
| 0.00%, 7/01/34 | 1,860 | 817,656 |
| 0.00%, 7/01/35 | 1,970 | 813,925 |
| 0.00%, 7/01/36 | 2,960 | 1,148,658 |
| 0.00%, 7/01/37 | 1,975 | 721,586 |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 7/01/31 (c) | 3,485 | 1,977,284 |
| San Marcos Unified School District, GO, Election of 2010, Series A: | | |
| 5.00%, 8/01/34 | 1,800 | 2,003,994 |
| 5.00%, 8/01/38 | 1,600 | 1,779,152 |
| State of California, GO, Refunding, Various Purposes: | | |
| 5.00%, 9/01/41 | 2,700 | 3,012,849 |
| 5.00%, 10/01/41 | 2,555 | 2,862,137 |
| State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30 | 10 | 10,032 |
| State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38 | 5,040 | 5,638,500 |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 8/01/36 (c) | 6,545 | 2,861,605 |
| West Valley-Mission Community College District, GO, 5.00%, 8/01/30 | 575 | 576,627 |
| | | 124,506,232 |
| Colorado 0.8% | | |
| Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/36 | 1,500 | 1,623,420 |
| Regional Transportation District, COP, Series A, 5.00%, 6/01/39 | 5,655 | 6,183,234 |
| | | 7,806,654 |
| Connecticut 0.5% | | |
| Connecticut State Health & Educational Facility Authority, RB, Yale University Issue, Series T-1, 4.70%, 7/01/29 | 5,000 | 5,076,250 |
| Florida 13.6% | | |
| City of Tallahassee Florida Energy System Revenue, RB (NPFGC), 5.00%, 10/01/32 | 3,300 | 3,377,880 |
| County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 4/01/39 | 4,535 | 4,811,998 |
| County of Broward Florida Airport System Revenue, RB, Series A, AMT, 5.00%, 10/01/40 | 3,000 | 3,249,720 |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/18 (a) | 13,100 | 13,873,424 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Florida (continued) | | |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 (a) | \$ 2,250 | \$ 2,403,945 |
| County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750 | 1,936,515 |
| County of Lee Florida, Refunding ARB, Series A, AMT: 5.63%, 10/01/26 | 2,600 | 2,921,984 |
| 5.38%, 10/01/32 | 3,440 | 3,807,942 |
| County of Miami-Dade Florida, GO, Building Better Communities Program (a): Series B, 6.38%, 7/01/18 | 6,000 | 6,448,920 |
| Series B-1, 5.75%, 7/01/18 | 3,700 | 3,944,422 |
| County of Miami-Dade Florida, RB, Seaport: Department, Series A, 6.00%, 10/01/38 | 5,695 | 6,645,211 |
| Department, Series B, AMT, 6.25%, 10/01/38 | 1,165 | 1,379,814 |
| Department, Series B, AMT, 6.00%, 10/01/42 | 1,865 | 2,148,368 |
| Series B, AMT, 6.00%, 10/01/30 | 1,820 | 2,134,096 |
| County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC), 6.00%, 10/01/18 (a) | 20,095 | 21,718,073 |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT: 5.00%, 10/01/34 | 530 | 573,396 |
| Miami International Airport, Series A (AGM), 5.50%, 10/01/18 (a) | 19,020 | 20,379,930 |
| County of Miami-Dade Florida Educational Facilities Authority, RB, University Miami, Series A, 5.00%, 4/01/40 | 14,360 | 15,664,750 |
| County of Miami-Dade Florida Transit System, RB, Surtax (AGM), 5.00%, 7/01/35 | 2,800 | 2,924,544 |
| County of Orange Health Facilities Authority, Refunding RB, Presbyterian Retirement Communities Project, 5.00%, 8/01/47 | 2,250 | 2,357,460 |
| County of Palm Beach Florida Solid Waste Authority, Refunding RB, Series B: 5.00%, 10/01/21 (a) | 50 | 57,468 |
| 5.00%, 10/01/31 | 3,050 | 3,408,375 |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39 | 5,135 | 5,492,704 |
| | | 131,660,939 |
| Georgia 2.1% | | |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogtle Project, Series C, 5.70%, 1/01/43 | 6,450 | 6,651,820 |
| County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health System, Inc. Project, Series A, 5.50%, 8/15/54 | 1,405 | 1,613,038 |
| Metropolitan Atlanta Rapid Transit Authority, Refunding RB, 3rd Indenture, Series B, 5.00%, 7/01/17 (a) | 10,000 | 10,176,000 |
| Private Colleges & Universities Authority, RB, Savannah College of Art & Design: 5.00%, 4/01/33 | 395 | 419,885 |
| 5.00%, 4/01/44 | 1,775 | 1,860,875 |
| | | 20,721,618 |
| Hawaii 0.4% | | |
| State of Hawaii Department of Transportation, COP, AMT: 5.00%, 8/01/27 | 2,000 | 2,202,780 |
| 5.00%, 8/01/28 | 1,775 | 1,945,347 |
| | | 4,148,127 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Illinois 14.9% | | |
| City of Chicago Illinois, GO, Refunding, Series A: 5.00%, 1/01/35 | \$ 7,280 | \$ 6,797,409 |
| Project, 5.25%, 1/01/33 | 2,340 | 2,244,832 |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT, Series B, 5.00%, 1/01/31 | 2,425 | 2,623,220 |

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| | | |
|--|--------|-------------|
| City of Chicago Illinois, Refunding RB, Series A: | | |
| Sales Tax Receipts, 5.00%, 1/01/41 | 2,715 | 2,755,046 |
| Waterworks, 2nd Lien (AMBAC), 5.00%, 11/01/36 | 3,500 | 3,508,575 |
| City of Chicago Illinois Midway International Airport, Refunding RB, 2nd Lien, Series A, AMT, 5.00%, 1/01/34 | | |
| | 3,035 | 3,241,289 |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien, Series A, 5.75%, 1/01/39 | 9,000 | 10,098,990 |
| City of Chicago Illinois O Hare International Airport, RB, Senior Lien, Series D, 5.25%, 1/01/42 | 8,285 | 9,364,701 |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 1,620 | 1,730,857 |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago, 5.13%, 12/01/38 | | |
| | 3,250 | 3,406,130 |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | | |
| | 615 | 652,681 |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34 | 8,700 | 9,766,968 |
| Illinois Finance Authority, Refunding RB: | | |
| Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | | |
| | 5,250 | 5,793,427 |
| Silver Cross Hospital and Medical Centers, 4.13%, 8/15/37 | | |
| | 1,965 | 1,919,687 |
| Silver Cross Hospital and Medical Centers, 5.00%, 8/15/44 | | |
| | 985 | 1,032,388 |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A: | | |
| CAB (NPFGC), 0.00%, 12/15/26 (c) | | |
| | 8,500 | 5,553,050 |
| CAB (NPFGC), 0.00%, 6/15/32 (c) | | |
| | 14,000 | 6,752,480 |
| CAB (NPFGC), 0.00%, 12/15/33 (c) | | |
| | 20,000 | 8,910,200 |
| CAB (NPFGC), 0.00%, 12/15/34 (c) | | |
| | 41,880 | 17,599,651 |
| 5.00%, 6/15/42 | | |
| | 475 | 482,572 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 0.00%, 6/15/44 (c) | | |
| | 9,430 | 2,282,814 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28 | | |
| | 1,700 | 1,932,747 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20 | | |
| | 720 | 801,900 |
| State of Illinois, GO: | | |
| 5.25%, 7/01/29 | | |
| | 3,160 | 3,246,394 |
| 5.25%, 2/01/33 | | |
| | 5,860 | 5,969,875 |
| 5.50%, 7/01/33 | | |
| | 2,235 | 2,329,183 |
| 5.25%, 2/01/34 | | |
| | 5,360 | 5,447,797 |
| 5.50%, 7/01/38 | | |
| | 1,200 | 1,240,512 |
| 5.00%, 2/01/39 | | |
| | 7,500 | 7,450,500 |
| State of Illinois Toll Highway Authority, RB, Series B: | | |
| 5.50%, 1/01/18 (a) | | |
| | 4,000 | 4,165,680 |
| (BHAC), 5.50%, 1/01/18 (a) | | |
| | 2,000 | 2,082,840 |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39 | | |
| | 2,580 | 2,780,905 |
| | | 143,965,300 |
| Indiana 2.8% | | |
| City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 8/15/27 | | |
| | 5,000 | 5,264,550 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Indiana (continued) | | |
| Indiana Finance Authority, RB, Series A: | | |
| CWA Authority Project, 1st Lien, 5.25%, 10/01/38 | \$ 2,900 | \$ 3,260,354 |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44 | 1,400 | 1,448,846 |
| Private Activity Bond, Ohio River Bridges, AMT, 5.00%, 7/01/40 | 2,425 | 2,460,502 |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/19 (a) | 5,000 | 5,457,350 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: | | |
| 5.75%, 1/01/19 (a) | 565 | 614,008 |
| 5.75%, 1/01/38 | 2,335 | 2,527,777 |
| (AGC), 5.25%, 1/01/19 (a) | 265 | 285,482 |
| (AGC), 5.50%, 1/01/19 (a) | 830 | 898,077 |
| (AGC), 5.25%, 1/01/29 | 1,085 | 1,164,997 |
| (AGC), 5.50%, 1/01/38 | 3,420 | 3,685,563 |
| | | 27,067,506 |
| Iowa 2.6% | | |
| Iowa Finance Authority, RB, Iowa Health Care Facilities, Series A (AGC), 5.63%, 8/15/19 (a) | 12,650 | 14,022,904 |
| Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: | | |
| 5.60%, 12/01/26 | 2,580 | 2,768,263 |
| 5.70%, 12/01/27 | 2,570 | 2,742,550 |
| 5.75%, 12/01/28 | 1,360 | 1,450,590 |
| 5.80%, 12/01/29 | 1,735 | 1,847,046 |
| 5.85%, 12/01/30 | 1,805 | 1,923,011 |
| | | 24,754,364 |
| Kansas 1.6% | | |
| County Of Wyandotte Unified School District No. 500 Kansas City, GO, Improvement, Series A, 5.50%, 9/01/47 | 13,470 | 15,872,779 |
| Kentucky 1.9% | | |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 1/01/40 | 1,000 | 1,070,140 |
| Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier, Series C, 0.00%, 7/01/39 (b) | 8,225 | 6,625,484 |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93, (AGC): | | |
| 5.25%, 2/01/19 (a) | 5,315 | 5,739,616 |
| 5.25%, 2/01/19 (a) | 3,545 | 3,828,210 |
| 5.25%, 2/01/27 | 685 | 732,642 |
| 5.25%, 2/01/28 | 455 | 486,272 |
| | | 18,482,364 |
| Louisiana 1.5% | | |
| City of New Orleans Louisiana Aviation Board, RB, AMT: | | |
| Series A (AGM), 5.25%, 1/01/32 | 6,405 | 6,578,831 |
| Series B, 5.00%, 1/01/40 | 4,825 | 5,146,104 |
| Louisiana Public Facilities Authority, RB, Provident Group-Flagship Properties LLC, Series A, 5.00%, 7/01/56 | 2,215 | 2,340,768 |
| | | 14,065,703 |
| Massachusetts 1.8% | | |
| Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A, 5.00%, 1/01/47 | 5,950 | 6,322,708 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Massachusetts (continued) | | |
| Massachusetts Development Finance Agency, Refunding RB, Emmanuel College Issue, Series A, 5.00%, 10/01/43 | \$ 1,045 | \$ 1,103,144 |
| | 3,150 | 3,302,681 |

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| | | |
|---|--------|------------|
| Massachusetts HFA, RB, M/F Housing, Series B, 7.00%, 12/01/38 | | |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42 | 2,395 | 2,539,179 |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43 | 3,495 | 3,916,147 |
| | | 17,183,859 |
| Michigan 7.6% | | |
| City of Detroit Michigan Water Supply System Revenue, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/19 (a) | 1,075 | 1,202,001 |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41 | 3,185 | 3,602,808 |
| Michigan Finance Authority, Refunding RB: Henry Ford Health System, 3.25%, 11/15/42 | 2,505 | 2,046,510 |
| Trinity Health Credit Group, 5.00%, 12/01/21 (a) | 60 | 69,309 |
| Trinity Health Credit Group, 5.00%, 12/01/39 | 16,040 | 17,963,036 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, Series D, 5.00%, 9/01/39 | 1,330 | 1,421,437 |
| State of Michigan, RB, GAB (AGM) (a): 5.25%, 9/15/17 | 10,000 | 10,274,000 |
| 5.25%, 9/15/17 | 6,650 | 6,832,210 |
| State of Michigan Building Authority, Refunding RB, Facilities Program: Series I, 6.25%, 10/15/18 (a) | 1,890 | 2,051,878 |
| Series I, 6.25%, 10/15/18 (a) | 1,130 | 1,226,785 |
| Series I, 6.25%, 10/15/38 | 105 | 113,146 |
| Series I (AGC), 5.25%, 10/15/24 | 1,750 | 1,910,195 |
| Series I (AGC), 5.25%, 10/15/25 | 3,250 | 3,543,897 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,307,877 |
| Series I-A, 5.38%, 10/15/41 | 1,900 | 2,110,577 |
| Series II-A (AGM), 5.25%, 10/15/36 | 8,040 | 8,909,526 |
| State of Michigan HDA, RB, S/F Housing, Series C, AMT, 5.50%, 12/01/28 | 1,515 | 1,579,645 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | 5,000 | 5,267,150 |
| Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39 | 1,080 | 1,184,609 |
| | | 73,616,596 |
| Minnesota 0.6% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC): 6.50%, 11/15/18 (a) | 845 | 925,114 |
| 6.50%, 11/15/38 | 4,655 | 5,027,028 |
| | | 5,952,142 |
| Nebraska 0.8% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37 | 6,825 | 7,397,003 |
| Nevada 1.1% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/19 (a) | 2,250 | 2,480,535 |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A: 5.25%, 7/01/42 | 2,000 | 2,163,120 |
| (AGM), 5.25%, 7/01/39 | 5,170 | 5,594,715 |
| | | 10,238,370 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| New Jersey 8.5% | | |
| New Jersey EDA, RB: | | |
| Private Activity Bond, Goethals Bridge Replacement Project, AMT, 5.13%, 1/01/34 | \$ 1,930 | \$ 2,032,927 |
| Private Activity Bond, Goethals Bridge Replacement Project, AMT, 5.38%, 1/01/43 | 4,920 | 5,200,194 |
| Series WW, 5.25%, 6/15/33 | 445 | 454,034 |
| Series WW, 5.00%, 6/15/34 | 570 | 569,310 |
| Series WW, 5.00%, 6/15/36 | 2,635 | 2,631,601 |
| Series WW, 5.25%, 6/15/40 | 1,025 | 1,038,100 |
| New Jersey EDA, Refunding RB, School Facilities Construction: | | |
| Series N-1 (AMBAC), 5.50%, 9/01/24 | 6,325 | 6,889,696 |
| Series N-1 (NPFGC), 5.50%, 9/01/28 | 1,685 | 1,950,741 |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT: | | |
| 5.50%, 12/01/25 | 900 | 979,704 |
| 5.50%, 12/01/26 | 1,295 | 1,406,331 |
| 5.75%, 12/01/28 | 145 | 157,814 |
| 5.88%, 12/01/33 | 6,895 | 7,498,657 |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, | | |
| 4.35%, 11/01/33 | 2,645 | 2,692,002 |
| New Jersey Transportation Trust Fund Authority, RB: | | |
| CAB, Transportation System, Series A, 0.00%, 12/15/35 (c) | 18,525 | 6,629,171 |
| CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 (c) | 8,550 | 5,822,379 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/28 | 4,205 | 4,477,862 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/29 | 2,145 | 2,271,147 |
| Transportation Program, Series AA, | | |
| 5.25%, 6/15/33 | 4,150 | 4,233,000 |
| Transportation Program, Series AA, | | |
| 5.00%, 6/15/38 | 4,990 | 4,963,753 |
| Transportation System, Series A, | | |
| 5.50%, 6/15/41 | 2,980 | 3,043,534 |
| Transportation System, Series A (NPFGC), 5.75%, 6/15/25 | | |
| Transportation System, Series AA, | 4,000 | 4,627,560 |
| 5.50%, 6/15/39 | 5,625 | 5,844,881 |
| Transportation System, Series B, | | |
| 5.50%, 6/15/31 | 1,000 | 1,046,540 |
| Transportation System, Series B, | | |
| 5.00%, 6/15/42 | 3,520 | 3,494,762 |
| Transportation System, Series D, | | |
| 5.00%, 6/15/32 | 1,825 | 1,845,020 |
| | | 81,800,720 |
| New Mexico 0.1% | | |
| New Mexico Hospital Equipment Loan Council, Refunding RB, Presbyterian Healthcare Services, | | |
| 5.00%, 8/01/44 | 1,040 | 1,148,212 |
| New York 2.8% | | |
| City of New York New York Transitional Finance Authority, RB, Fiscal 2009, Series S-4, | | |
| 5.50%, 1/15/34 | 7,250 | 7,817,457 |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, | | |
| Series B, 5.00%, 11/01/32 | 4,150 | 4,752,539 |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 | | |
| | 1,920 | 2,173,190 |
| New York Transportation Development Corp., RB, LaGuardia Airport Terminal B Redevelopment | | |
| Project, Series A, AMT, 5.25%, 1/01/50 | 8,300 | 8,756,002 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| New York (continued) | | |
| State of New York Dormitory Authority, ERB, Series B, 5.25%, 3/15/38 | \$ 3,250 | \$ 3,497,488 |
| | | 26,996,676 |
| North Carolina 0.5% | | |

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| | | |
|---|--------|------------|
| North Carolina Housing Finance Agency, RB, Series 31-A, AMT, 5.25%, 7/01/38 | 4,345 | 4,371,461 |
| Ohio 2.2% | | |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 3,000 | 3,538,290 |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38 | 11,135 | 12,090,383 |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: | | |
| 5.25%, 2/15/32 | 1,950 | 2,217,208 |
| 5.25%, 2/15/33 | 2,730 | 3,094,346 |
| | | 20,940,227 |
| Pennsylvania 5.5% | | |
| Commonwealth Financing Authority, RB, Series B, 5.00%, 6/01/42 | 3,305 | 3,585,991 |
| Pennsylvania Economic Development Financing Authority, RB, Pennsylvania Bridge Finco LP, AMT: | | |
| 5.00%, 12/31/34 | 7,115 | 7,593,626 |
| 5.00%, 12/31/38 | 5,850 | 6,168,767 |
| 5.00%, 6/30/42 | 6,805 | 7,181,249 |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB, Thomas Jefferson University, Series A, 5.25%, 9/01/50 | 9,075 | 9,983,135 |
| Pennsylvania Turnpike Commission, RB: | | |
| Series A, 5.00%, 12/01/38 | 1,775 | 1,949,571 |
| Series A-1, 5.00%, 12/01/41 | 2,320 | 2,558,009 |
| Series B, 5.00%, 12/01/40 | 920 | 1,011,558 |
| Series C, 5.50%, 12/01/33 | 1,565 | 1,813,428 |
| Sub-Series C (AGC), 6.25%, 6/01/18 (a) | 5,695 | 6,087,841 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/20 (a) | 2,575 | 3,008,321 |
| Pennsylvania Turnpike Commission, Refunding RB, Series A-1, 5.00%, 12/01/40 | 2,165 | 2,368,402 |
| | | 53,309,898 |
| Rhode Island 1.1% | | |
| Rhode Island Commerce Corp., RB, Airport Corp.: | | |
| 5.00%, 7/01/41 | 295 | 323,285 |
| 5.00%, 7/01/46 | 325 | 354,812 |
| Tobacco Settlement Financing Corp., Refunding RB, Series B: | | |
| 4.50%, 6/01/45 | 3,000 | 2,834,610 |
| 5.00%, 6/01/50 | 7,465 | 7,479,631 |
| | | 10,992,338 |
| South Carolina 3.8% | | |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39 | 3,600 | 4,195,944 |
| South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50 | 6,530 | 7,069,443 |
| State of South Carolina Public Service Authority, RB, Santee Cooper: | | |
| Series A, 5.50%, 12/01/54 | 11,450 | 12,895,563 |
| Series E, 5.50%, 12/01/53 | 2,025 | 2,277,194 |
| State of South Carolina Public Service Authority, Refunding RB: | | |
| Santee Cooper, Series B, 5.00%, 12/01/38 | 5,870 | 6,506,073 |
| Series E, 5.25%, 12/01/55 | 2,985 | 3,269,500 |
| | | 36,213,717 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds | | |
| Texas 16.1% | | |
| Central Texas Turnpike System, Refunding RB, CAB, Series B, 0.00%, 8/15/37 (c) | \$ 5,065 | \$ 2,156,829 |
| City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien: | | |
| Series A (AGC), 5.38%, 5/15/19 (a) | 3,460 | 3,784,583 |
| Series A (AGC), 6.00%, 5/15/19 (a) | 5,400 | 5,982,498 |
| Series A (AGC), 6.00%, 11/15/35 | 300 | 331,428 |
| Series A (AGC), 5.38%, 11/15/38 | 190 | 204,774 |
| Series A (AGM), 5.00%, 11/15/17 (a) | 10,000 | 10,317,600 |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38 | 1,450 | 1,621,665 |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (c) | 5,810 | 2,552,856 |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Cook Children s Medical Center, 5.25%, 12/01/39 | 2,095 | 2,337,580 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/18 (a) | 10,000 | 10,559,500 |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series D, AMT, 5.00%, 11/01/38 | 10,980 | 11,803,939 |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F: | | |
| 5.25%, 11/01/33 | 2,745 | 3,145,001 |
| 5.00%, 11/01/35 | 5,000 | 5,360,100 |
| Grand Prairie ISD, GO, Refunding, CAB, 0.00%, 8/15/18 (a)(c) | 10,000 | 5,033,800 |
| Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/17 (a) | 10,000 | 10,000,000 |
| Leander ISD, GO, Refunding, CAB, Series D, 0.00%, 8/15/38 (c) | 9,685 | 3,922,231 |
| North Texas Tollway Authority, RB, CAB, Special Project System, Series B, 0.00%, 9/01/43 (c) | 24,100 | 5,786,892 |
| North Texas Tollway Authority, Refunding RB: | | |
| 1st Tier System, Series A, 6.00%, 1/01/19 (a) | 5,100 | 5,564,457 |
| 1st Tier System, Series A, 5.13%, 1/01/28 | 2,460 | 2,541,082 |
| 1st Tier System, Series A (NPFGC), 5.13%, 1/01/18 (a) | 17,540 | 18,201,784 |
| 1st Tier System, Series A (NPFGC), 6.00%, 1/01/28 | 1,175 | 1,274,746 |
| 1st Tier System, Series S, 5.75%, 1/01/18 (a) | 8,540 | 8,910,721 |
| 1st Tier System, Series SE, 5.75%, 1/01/40 | 1,460 | 1,514,210 |
| Series B, 5.00%, 1/01/40 | 1,710 | 1,889,225 |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing and Expansion Project, CAB (c): | | |
| 0.00%, 9/15/35 | 680 | 292,346 |
| 0.00%, 9/15/36 | 12,195 | 4,944,585 |
| 0.00%, 9/15/37 | 8,730 | 3,330,146 |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB: | | |
| 5.00%, 12/15/32 | 3,930 | 4,175,939 |
| Natural Gas Utility Improvements, 5.00%, 12/15/31 | 1,665 | 1,774,624 |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, AMT, Blueridge Transportation Group, 5.00%, 12/31/45 | 3,630 | 3,808,451 |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41 | 11,345 | 12,361,852 |
| | | 155,485,444 |
| Utah 1.9% | | |
| Utah Transit Authority, Refunding RB, CAB (c): | | |
| Sub-Series A (AGC), 0.00%, 6/15/20 | 10,000 | 8,661,800 |
| Sub-Series A (NPFGC), 0.00%, 6/15/24 | 13,930 | 9,883,614 |
| | | 18,545,414 |
| | Par | |
| | (000) | Value |
| Municipal Bonds | | |
| Washington 1.3% | | |
| Port of Seattle Washington, RB, Series C, AMT, 5.00%, 4/01/40 | \$ 2,830 | \$ 3,093,247 |
| Washington Health Care Facilities Authority, RB: | | |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44 | 1,000 | 1,080,140 |
| Providence Health & Services, Series A, 5.25%, 10/01/39 | 2,725 | 2,930,138 |

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Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D,
6.38%, 10/01/36 5,400 5,750,244

12,853,769

Wisconsin 0.5%

Public Finance Authority, RB, KU Campus Development Corp., Central District Development
Project, 5.00%, 3/01/46 875 957,101

State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit
Group, Series E, 5.00%, 11/15/33 3,745 4,059,992

5,017,093

Total Municipal Bonds 114.7% 1,107,942,223

**Municipal Bonds Transferred to
Tender Option Bond Trusts (d)**

Arizona 1.1%

Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/18 (a)(e) 10,000 10,630,400

California 7.0%

California State University, RB, Systemwide, Series A (AGM) (e):
5.00%, 5/01/18 (a) 7,793 8,152,788

5.00%, 11/01/33 204 213,336

California State University, Refunding RB, Systemwide, Series A (AGM):
5.00%, 5/01/17 (a) 7,840 7,920,144

5.00%, 5/01/17 (a) 5,040 5,091,521

5.00%, 11/01/37 5,555 5,611,786

City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38 20,000 21,048,200

County of San Diego California Water Authority Financing Corp., COP, Refunding, Series A
(AGM) (a):
5.00%, 5/01/18 1,554 1,633,171

5.00%, 5/01/18 7,816 8,211,138

Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A,
6.00%, 8/01/19 (a) 5,248 5,868,088

San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/19 (a) 1,047 1,151,151

University of California, RB, Series O, 5.75%, 5/15/19 (a) 2,206 2,433,406

67,334,729

Colorado 0.3%

Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiatives, Series A,
5.50%, 7/01/34 (e) 2,469 2,564,663

Connecticut 0.4%

Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit
Group, 5.00%, 12/01/45 3,932 4,299,246

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|--|--------------|--------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (d) | | |
| District of Columbia 2.6% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (e) | \$ 2,594 | \$ 2,878,112 |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(e) | 4,277 | 4,625,807 |
| Metropolitan Washington Airports Authority, RB, Series B, AMT, 5.00%, 10/01/32 | 10,000 | 10,231,500 |
| Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30 | 6,880 | 7,639,208 |
| | | 25,374,627 |
| Florida 4.6% | | |
| City of Miami Beach Florida, RB, 5.00%, 9/01/45 | 8,760 | 9,774,846 |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | 4,840 | 5,320,806 |
| County of Miami-Dade Florida Water & Sewer System (AGC), 5.00%, 10/01/39 | 11,702 | 12,843,865 |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/19 (a) | 12,013 | 13,271,044 |
| State of Florida Board of Education, GO, Refunding, Series C, 5.00%, 6/01/18 (e) | 3,299 | 3,377,847 |
| | | 44,588,408 |
| Illinois 4.5% | | |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/19 (a)(e) | 3,499 | 3,823,117 |
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/18 (a) | 10,000 | 10,713,000 |
| State of Illinois Toll Highway Authority, RB: Senior Priority, Series A, 5.00%, 1/01/40 | 7,621 | 8,378,238 |
| Senior, Series B, 5.00%, 1/01/40 | 2,939 | 3,238,515 |
| Senior, Series C, 5.00%, 1/01/36 | 10,000 | 10,985,597 |
| Series A, 5.00%, 1/01/38 | 5,836 | 6,414,195 |
| | | 43,552,662 |
| Massachusetts 0.5% | | |
| Commonwealth of Massachusetts, GO, Series A, 5.00%, 3/01/46 | 4,204 | 4,688,103 |
| Michigan 0.9% | | |
| Michigan Finance Authority, RB, Beaumont Health Credit Group, 5.00%, 11/01/44 | 5,591 | 6,043,075 |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45 | 2,410 | 2,650,663 |
| | | 8,693,738 |
| Nevada 1.8% | | |
| County of Clark Nevada Water Reclamation District, GO, Series B (a): Limited Tax, 5.50%, 7/01/19 | 510 | 561,898 |
| Limited Tax, 5.75%, 7/01/19 | 4,813 | 5,333,376 |
| Las Vegas Valley Water District Nevada, GO, Refunding, Water Improvement, Series A, 5.00%, 6/01/46 | 9,840 | 11,106,408 |
| | | 17,001,682 |
| New Jersey 2.1% | | |
| County of Hudson New Jersey Improvement Authority, RB, Hudson County Vocational-Technical Schools Project, 5.25%, 5/01/51 | 2,320 | 2,638,327 |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | 10,000 | 12,136,500 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (e) | 4,961 | 5,040,120 |
| | | 19,814,947 |
| | Par | |
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (d) | | |
| New York 8.8% | | |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series DD: 5.00%, 6/15/18 (a) | \$ 2,586 | \$ 2,708,780 |
| 5.00%, 6/15/37 | 14,981 | 15,693,256 |

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| | | |
|---|--------|------------|
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | 15,521 | 17,223,401 |
| City of New York New York Water & Sewer System, Refunding RB, 2nd General Resolution, Fiscal 2014, Series DD, 5.00%, 6/15/35 | 4,740 | 5,376,061 |
| Metropolitan Transportation Authority, RB, Sub-Series D-1, 5.25%, 11/15/44 | 9,850 | 11,239,146 |
| Metropolitan Transportation Authority, Refunding RB, Series C-1, 5.25%, 11/15/56 | 4,280 | 4,845,860 |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43 | 14,280 | 15,807,103 |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 198th Series, 5.25%, 11/15/56 | 6,402 | 7,322,608 |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (e) | 4,500 | 4,806,495 |
| | | 85,022,710 |
| Ohio 0.7% | | |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 4/28/18 (a) | 4,990 | 5,234,859 |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34 | 1,520 | 1,623,087 |
| | | 6,857,946 |
| Pennsylvania 0.3% | | |
| County of Westmoreland Pennsylvania Municipal Authority, RB, Westmoreland County, Pennsylvania (BAM), 5.00%, 8/15/42 | 2,560 | 2,817,459 |
| South Carolina 1.2% | | |
| State of South Carolina Public Service Authority, Refunding RB, Series B, 5.00%, 12/01/56 | 10,740 | 11,578,364 |
| Texas 5.8% | | |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 1,799 | 1,967,580 |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Texas Health Resources System, Series A, 5.00%, 2/15/41 | 9,840 | 10,935,389 |
| Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37 (e) | 8,868 | 9,537,309 |
| Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/18 (a) | 12,955 | 13,494,695 |
| Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/17 (a) | 10,000 | 10,016,500 |
| Texas State University Systems, Refunding RB, 5.25%, 3/15/18 (a) | 10,000 | 10,477,300 |
| | | 56,428,773 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, GO, 5.00%, 6/01/40 | 3,944 | 4,130,223 |
| Washington 2.8% | | |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/17 (a) | 16,770 | 17,526,411 |
| Washington Health Care Facilities Authority, Refunding RB, Seattle Children s Hospital, Series B, 5.00%, 10/01/38 | 8,205 | 9,484,734 |
| | | 27,011,145 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Par | |
|---|---------------|----------------|
| | (000) | Value |
| Municipal Bonds Transferred to Tender Option Bond Trusts (d) | | |
| Wisconsin 2.8% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/19 (a) | \$ 14,780 | \$ 16,346,532 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group: | | |
| Series A, 5.00%, 4/01/42 | 2,490 | 2,672,417 |
| Series C, 5.25%, 4/01/39 (e) | 7,459 | 7,844,870 |
| | | 26,863,819 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 48.6% | | 469,253,644 |
| Total Long-Term Investments | | |
| (Cost \$1,493,395,734) 163.3% | | 1,577,195,867 |
| Short-Term Securities | Shares | Value |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (f)(g) | 5,585,572 | \$ 5,586,130 |
| Total Short-Term Securities | | |
| (Cost \$5,585,738) 0.6% | | 5,586,130 |
| Total Investments | | |
| (Cost \$1,498,981,472) 163.9% | | 1,582,781,997 |
| Other Assets Less Liabilities 0.9% | | 8,257,446 |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (27.9)% | | (269,576,367) |
| VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (36.9)% | | (355,912,992) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 965,550,084 |

Notes to Schedule of Investments

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate as of period end.
- (c) Zero-coupon bond.
- (d) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (e) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between April 1, 2017 and December 1, 2029 is \$33,967,868. See Note 4 of the Notes to Financial Statements for details.
- (f) During the six months ended January 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, | Net Activity | Shares Held at January 31, | Value at January 31, | Income | Net Realized | Change in Unrealized |
|-----------|-------------------------|--------------|----------------------------|----------------------|--------|--------------|----------------------|
|-----------|-------------------------|--------------|----------------------------|----------------------|--------|--------------|----------------------|

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| | 2016 | | 2017 | | 2017 | | Gain ¹ | Appreciation |
|--|-----------|---------|-----------|--------------|-----------|----------|-------------------|----------------|
| | | | | | | | | (Depreciation) |
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 5,108,362 | 477,210 | 5,585,572 | \$ 5,586,130 | \$ 21,145 | \$ 4,119 | \$ | 392 |

¹ Includes net capital gain distributions.

(g) Current yield as of period end.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

| Contracts | Issue | Expiration | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|------------|----------------|--|
| Short (66) | 5-Year U.S. Treasury Note | March 2017 | \$ 7,779,234 | \$ (9,148) |
| (389) | 10-Year U.S. Treasury Note | March 2017 | \$ 48,418,344 | (57,985) |
| (357) | Long U.S. Treasury Bond | March 2017 | \$ 53,851,219 | 115,143 |
| (46) | Ultra U.S. Treasury Bond | March 2017 | \$ 7,391,625 | (11,532) |
| Total | | | | \$ 36,478 |

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

| Assets | Derivative Financial Instruments | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|--------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|------------|
| Futures contracts | Net unrealized appreciation ¹ | | | | | \$ 115,143 | | \$ 115,143 |
| Liabilities | Derivative Financial Instruments | | | | | | | |
| Futures contracts | Net unrealized depreciation ¹ | | | | | \$ 78,665 | | \$ 78,665 |

¹ Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|---|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| Net Realized Gain (Loss) from: | | | | | | | |
| Futures contracts | | | | | \$ 5,028,425 | | \$ 5,028,425 |
| Net Change in Unrealized Appreciation (Depreciation) on: | | | | | | | |
| Futures contracts | | | | | \$ 592,441 | | \$ 592,441 |

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

| | | |
|-------------------------------------|-------|---------------------------|
| Average notional value of contracts | long | \$ 1,934,540 ¹ |
| Average notional value of contracts | short | \$ 87,858,258 |

¹ Actual amounts for the period are shown due to limited outstanding derivative financial instruments as of each quarter end.

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|------------------|---------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 1,577,195,867 | | \$ 1,577,195,867 |
| Short-Term Securities | \$ 5,586,130 | | | 5,586,130 |
| Total | \$ 5,586,130 | \$ 1,577,195,867 | | \$ 1,582,781,997 |

Derivative Financial Instruments²

| | | |
|-------------------------|------------|------------|
| Assets: | | |
| Interest rate contracts | \$ 115,143 | \$ 115,143 |
| Liabilities: | | |
| Interest rate contracts | (78,665) | (78,665) |
| Total | \$ 36,478 | \$ 36,478 |

¹ See above Schedule of Investments for values in each state or political subdivision.² Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

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| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|------------------|---------|------------------|
| Liabilities: | | | | |
| TOB Trust Certificates | | \$ (269,064,024) | | \$ (269,064,024) |
| VRDP Shares at Liquidation Value | | (356,400,000) | | (356,400,000) |
| Total | | \$ (625,464,024) | | \$ (625,464,024) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

Statements of Assets and Liabilities

| | BlackRock MuniHoldings Quality Fund II, Inc. (MUE) | BlackRock MuniYield California Quality Fund, Inc. (MCA) | BlackRock MuniYield New York Quality Fund, Inc. (MYN) | BlackRock MuniYield Quality Fund III, Inc. (MYI) |
|---|---|--|--|---|
| January 31, 2017 (Unaudited) | | | | |
| Assets | | | | |
| Investments at value unaffiliated | \$ 497,351,619 | \$ 875,943,090 | \$ 906,471,626 | \$ 1,577,195,867 |
| Investments at value affiliated | 6,400,031 | 194,805 | 2,502,523 | 5,586,130 |
| Cash pledged for futures contracts | 558,800 | 1,091,750 | 1,606,350 | 2,449,600 |
| Receivables: | | | | |
| Interest unaffiliated | 5,243,813 | 12,474,263 | 9,190,621 | 16,869,738 |
| TOB Trust | 1,307,694 | 6,665,000 | | 6,665,000 |
| Investments sold | 55,000 | 4,874,253 | 45,000 | 2,401,600 |
| Dividends affiliated | 1,521 | 579 | 1,878 | 4,737 |
| Prepaid expenses | 12,690 | 20,056 | 20,459 | 32,897 |
| Total assets | 510,931,168 | 901,263,796 | 919,838,457 | 1,611,205,569 |
| Accrued Liabilities | | | | |
| Bank overdraft | 180,520 | 188,506 | 280,719 | 397,117 |
| Payables: | | | | |
| Income dividends Common Shares | 1,440,974 | 2,236,372 | 2,137,676 | 4,627,299 |
| Investment advisory fees | 226,943 | 376,772 | 389,791 | 675,690 |
| Variation margin on futures contracts | 82,789 | 161,570 | 238,766 | 355,766 |
| Interest expense and fees | 71,893 | 404,957 | 220,286 | 512,343 |
| Officers and Directors fees | 1,781 | 255,387 | 269,213 | 462,703 |
| Investments purchased | | 15,179,679 | | 13,305,701 |
| Other accrued expenses | 167,609 | 201,982 | 239,371 | 341,850 |
| Total accrued liabilities | 2,172,509 | 19,005,225 | 3,775,822 | 20,678,469 |
| Other Liabilities | | | | |
| TOB Trust Certificates | 62,324,733 | 185,697,579 | 121,226,531 | 269,064,024 |
| VMTP Shares, at liquidation value of \$100,000 per share ^{3,4} | 131,000,000 | | | |
| VRDP Shares, at liquidation value of \$100,000 per share, net of deferred offering costs ^{3,4} | | 166,222,490 | 247,330,711 | 355,912,992 |
| Total other liabilities | 193,324,733 | 351,920,069 | 368,557,242 | 624,977,016 |
| Total liabilities | 195,497,242 | 370,925,294 | 372,333,064 | 645,655,485 |
| Net Assets Applicable to Common Shareholders | \$ 315,433,926 | \$ 530,338,502 | \$ 547,505,393 | \$ 965,550,084 |
| Net Assets Applicable to Common Shareholders Consist of | | | | |
| Paid-in capital ^{5,6} | \$ 300,037,517 | \$ 493,049,859 | \$ 530,160,582 | \$ 924,445,586 |
| Undistributed net investment income | 1,921,517 | 2,002,640 | 3,431,938 | 11,187,393 |
| Accumulated net realized loss | (19,679,694) | (1,883,433) | (26,424,868) | (53,919,898) |
| Net unrealized appreciation (depreciation) | 33,154,586 | 37,169,436 | 40,337,741 | 83,837,003 |
| Net Assets Applicable to Common Shareholders | \$ 315,433,926 | \$ 530,338,502 | \$ 547,505,393 | \$ 965,550,084 |
| Net asset value per Common Share | \$ 14.01 | \$ 15.41 | \$ 13.83 | \$ 14.19 |
| ¹ Investments at cost unaffiliated | \$ 464,105,677 | \$ 838,564,794 | \$ 865,940,417 | \$ 1,493,395,734 |
| ² Investments at cost affiliated | \$ 6,399,798 | \$ 194,805 | \$ 2,502,273 | \$ 5,585,738 |
| ³ Preferred Shares outstanding, par value \$0.10 per share | 1,310 | 1,665 | 2,477 | 3,564 |

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| | | | | |
|--|-------------|-------------|-------------|-------------|
| ⁴ Preferred Shares authorized, including Auction Market Preferred Shares (AMPS) | 9,490 | 12,665 | 14,637 | 26,364 |
| ⁵ Common Shares outstanding, par value \$0.10 per share | 22,515,224 | 34,405,717 | 39,586,584 | 68,048,509 |
| ⁶ Common Shares authorized | 199,990,510 | 199,987,335 | 199,985,363 | 199,973,636 |

See Notes to Financial Statements.

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Statements of Operations

| Six Months Ended January 31, 2017 (Unaudited) | BlackRock MuniHoldings Quality Fund II, Inc. (MUE) | BlackRock MuniYield California Quality Fund, Inc. (MCA) | BlackRock MuniYield New York Quality Fund, Inc. (MYN) | BlackRock MuniYield Quality Fund III, Inc. (MYI) |
|---|--|--|--|---|
| Investment Income | | | | |
| Interest unaffiliated | \$ 11,463,187 | \$ 17,794,116 | \$ 18,176,599 | \$ 35,661,494 |
| Dividends affiliated | 3,939 | 16,310 | 5,876 | 21,145 |
| Total investment income | 11,467,126 | 17,810,426 | 18,182,475 | 35,682,639 |
| Expenses | | | | |
| Investment advisory | 1,434,356 | 2,287,040 | 2,365,153 | 4,106,060 |
| Professional | 44,508 | 60,188 | 63,146 | 95,215 |
| Accounting services | 33,477 | 49,467 | 53,911 | 76,890 |
| Rating agency | 19,259 | 19,289 | 19,359 | 19,454 |
| Transfer agent | 16,146 | 17,704 | 21,387 | 38,999 |
| Officer and Directors | 14,694 | 39,656 | 41,415 | 72,370 |
| Custodian | 11,439 | 18,256 | 20,396 | 32,344 |
| Registration | 5,188 | 7,291 | 8,390 | 14,432 |
| Printing | 5,176 | 6,433 | 6,604 | 8,875 |
| Miscellaneous | 27,417 | 24,366 | 31,548 | 42,700 |
| Total expenses excluding interest expense, fees and amortization of offering costs | 1,611,660 | 2,529,690 | 2,631,309 | 4,507,339 |
| Interest expense, fees and amortization of offering costs ¹ | 1,491,314 | 2,606,503 | 2,742,921 | 4,552,009 |
| Total expenses | 3,102,974 | 5,136,193 | 5,374,230 | 9,059,348 |
| Less fees waived by the Manager | (43,043) | (3,224) | (1,131) | (3,816) |
| Total expenses after fees waived | 3,059,931 | 5,132,969 | 5,373,099 | 9,055,532 |
| Net investment income | 8,407,195 | 12,677,457 | 12,809,376 | 26,627,107 |
| Realized and Unrealized Gain (Loss) | | | | |
| Net realized gain (loss) from: | | | | |
| Investments unaffiliated | 200,931 | (2,373,176) | 249,097 | (230,400) |
| Investments affiliated | 329 | (159) | 339 | 25 |
| Futures contracts | 1,128,892 | 2,679,501 | 2,910,352 | 5,028,425 |
| Capital gain distributions from investment companies affiliated | | 3 | 1 | 4,094 |
| | 1,330,152 | 306,169 | 3,159,789 | 4,802,144 |
| Net change in unrealized appreciation (depreciation) on: | | | | |
| Investments unaffiliated | (25,120,242) | (44,469,740) | (52,404,617) | (92,827,584) |
| Investments affiliated | 233 | | 250 | 392 |
| Futures contracts | (30,573) | (13,270) | 315,487 | 592,441 |
| | (25,150,582) | (44,483,010) | (52,088,880) | (92,234,751) |
| Net realized and unrealized loss | (23,820,430) | (44,176,841) | (48,929,091) | (87,432,607) |
| Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Operations | \$ (15,413,235) | \$ (31,499,384) | \$ (36,119,715) | \$ (60,805,500) |

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¹ Related to TOB Trusts, VMTP Shares and/or VRDP Shares.

See Notes to Financial Statements.

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Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets Applicable to Common Shareholders: | BlackRock MuniHoldings Quality Fund II, Inc. (MUE) | | BlackRock MuniYield California Quality Fund, Inc. (MCA) | |
|---|---|--------------------------------|--|--------------------------------|
| | Six Months Ended | | Six Months Ended | |
| | January 31, 2017 (Unaudited) | Year Ended July 31, 2016 | January 31, 2017 (Unaudited) | Year Ended July 31, 2016 |
| Operations | | | | |
| Net investment income | \$ 8,407,195 | \$ 17,649,198 | \$ 12,677,457 | \$ 27,797,843 |
| Net realized gain (loss) | 1,330,152 | (180,558) | 306,169 | 1,382,536 |
| Net change in unrealized appreciation (depreciation) | (25,150,582) | 14,305,532 | (44,483,010) | 22,794,435 |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (15,413,235) | 31,774,172 | (31,499,384) | 51,974,814 |
| Distributions to Common Shareholders¹ | | | | |
| From net investment income | (8,645,846) | (18,192,301) | (13,418,238) | (29,271,550) |
| From net realized gain | | | (1,659,457) | |
| Decrease in net assets resulting from distributions to Common Shareholders | (8,645,846) | (18,192,301) | (15,077,695) | (29,271,550) |
| Capital Share Transactions | | | | |
| Reinvestment of common distributions | | | 151,954 | |
| Net Assets Applicable to Common Shareholders | | | | |
| Total increase (decrease) in net assets applicable to Common Shareholders | (24,059,081) | 13,581,871 | (46,425,125) | 22,703,264 |
| Beginning of period | 339,493,007 | 325,911,136 | 576,763,627 | 554,060,363 |
| End of period | \$ 315,433,926 | \$ 339,493,007 | \$ 530,338,502 | \$ 576,763,627 |
| Undistributed net investment income, end of period | \$ 1,921,517 | \$ 2,160,168 | \$ 2,002,640 | \$ 2,743,421 |

| Increase (Decrease) in Net Assets Applicable to Common Shareholders: | BlackRock MuniYield New York Quality Fund, Inc. (MYN) | | BlackRock MuniYield Quality Fund III, Inc. (MYI) | |
|---|--|--------------------------------|---|--------------------------------|
| | Six Months Ended | | Six Months Ended | |
| | January 31, 2017 (Unaudited) | Year Ended July 31, 2016 | January 31, 2017 (Unaudited) | Year Ended July 31, 2016 |
| Operations | | | | |
| Net investment income | \$ 12,809,376 | \$ 27,609,415 | \$ 26,627,107 | \$ 57,199,642 |
| Net realized gain (loss) | 3,159,789 | 872,615 | 4,802,144 | (710,916) |
| Net change in unrealized appreciation (depreciation) | (52,088,880) | 36,534,748 | (92,234,751) | 50,664,478 |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (36,119,715) | 65,016,778 | (60,805,500) | 107,153,204 |
| Distributions to Common Shareholders¹ | | | | |
| From net investment income | (12,902,891) | (28,860,756) | (27,792,124) | (59,486,296) |

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Capital Share Transactions

| | | |
|--------------------------------------|---------|-----------|
| Reinvestment of common distributions | 916,023 | 1,943,879 |
|--------------------------------------|---------|-----------|

Net Assets Applicable to Common Shareholders

| | | | | |
|---|----------------|----------------|----------------|------------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | (49,022,606) | 36,156,022 | (87,681,601) | 49,610,787 |
| Beginning of period | 596,527,999 | 560,371,977 | 1,053,231,685 | 1,003,620,898 |
| End of period | \$ 547,505,393 | \$ 596,527,999 | \$ 965,550,084 | \$ 1,053,231,685 |
| Undistributed net investment income, end of period | \$ 3,431,938 | \$ 3,525,453 | \$ 11,187,393 | \$ 12,352,410 |

¹ Distributions for annual periods determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

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Statements of Cash Flows

| | BlackRock MuniHoldings Quality Fund II, Inc. (MUE) | BlackRock MuniYield California Quality Fund, Inc. (MCA) | BlackRock MuniYield New York Quality Fund, Inc. (MYN) | BlackRock MuniYield Quality Fund III, Inc. (MYI) |
|---|--|--|--|--|
| Six Months Ended January 31, 2017 (Unaudited) | | | | |
| Cash Provided by Operating Activities | | | | |
| Net decrease in net assets resulting from operations | \$ (15,413,235) | \$ (31,499,384) | \$ (36,119,715) | \$ (60,805,500) |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: | | | | |
| Proceeds from sales of long-term investments | 39,703,891 | 199,815,464 | 50,052,579 | 109,949,594 |
| Purchases of long-term investments | (39,094,004) | (205,850,909) | (62,572,257) | (114,379,971) |
| Net purchases of short-term securities | (5,772,090) | (51,913) | (957,253) | (477,351) |
| Amortization of premium and accretion of discount on investments and other fees | 873,603 | 2,706,825 | 2,423,467 | (866,273) |
| Net realized gain (loss) on investments | (201,260) | 2,373,335 | (249,436) | 230,375 |
| Net unrealized loss on investments | 25,120,009 | 44,469,740 | 52,404,367 | 92,827,192 |
| (Increase) Decrease in Assets: | | | | |
| Cash pledged for futures contracts | (378,000) | (696,000) | (1,002,000) | (1,762,000) |
| Receivables: | | | | |
| Interest unaffiliated | 78,904 | 795,578 | (126,967) | 704,895 |
| Dividends affiliated | (776) | (449) | (1,406) | (2,893) |
| Prepaid expenses | 18,297 | 15,790 | 16,421 | 14,631 |
| Increase (Decrease) in Liabilities: | | | | |
| Payables: | | | | |
| Investment advisory fees | (16,788) | (15,015) | (16,389) | (30,861) |
| Interest expense and fees | 17,737 | 167,809 | 108,756 | 198,845 |
| Officers and Directors fees | (3,288) | 8,083 | 8,510 | 14,967 |
| Variation margin on futures contracts | 23,742 | 34,554 | 43,390 | 138,515 |
| Other accrued expenses | 34,907 | 30,210 | 86,672 | 94,662 |
| Net cash provided by operating activities | 4,991,649 | 12,303,718 | 4,098,739 | 25,848,827 |
| Cash Used for Financing Activities | | | | |
| Proceeds from TOB Trust Certificates | 6,471,912 | 51,451,905 | 18,967,284 | 32,955,349 |
| Repayments of TOB Trust Certificates | (3,004,239) | (39,111,743) | (9,845,740) | (32,358,964) |
| Proceeds from Loan for TOB Trust Certificates | | 2,994,900 | 7,858,738 | 18,851,064 |
| Repayments of Loan for TOB Trust Certificates | | (12,735,075) | (8,466,238) | (18,851,064) |
| Cash dividends paid to Common Shareholders | (8,645,846) | (14,925,151) | (12,902,891) | (26,872,075) |
| Increase in bank overdraft | 180,520 | 15,680 | 280,719 | 397,117 |
| Amortization of deferred offering costs | | 5,766 | 7,669 | 10,081 |
| Net cash used for financing activities | (4,997,653) | (12,303,718) | (4,100,459) | (25,868,492) |
| Cash | | | | |
| Net decrease in cash | (6,004) | | (1,720) | (19,665) |
| Cash at beginning of period | 6,004 | | 1,720 | 19,665 |
| Cash at end of period | | | | |
| Supplemental Disclosure of Cash Flow Information | | | | |
| Cash paid during the period for interest expense | \$ 1,473,577 | \$ 2,356,115 | \$ 2,626,496 | \$ 4,343,083 |

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Non-Cash Financing Activities

| | | |
|--|---------|---------|
| Capital shares issued in reinvestment of distributions paid to Common Shareholders | 151,954 | 916,023 |
|--|---------|---------|

See Notes to Financial Statements.

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Financial Highlights

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

| | Six Months Ended January 31, 2017 | | Year Ended July 31, | | | | |
|--|---|------------|---------------------|------------|------------|----------------------|--|
| | (Unaudited) | 2016 | 2015 | 2014 | 2013 | 2012 | |
| Per Share Operating Performance | | | | | | | |
| Net asset value, beginning of period | \$ 15.08 | \$ 14.48 | \$ 14.42 | \$ 13.27 | \$ 15.18 | \$ 13.07 | |
| Net investment income ¹ | 0.37 | 0.78 | 0.80 | 0.82 | 0.81 | 0.86 | |
| Net realized and unrealized gain (loss) | (1.06) | 0.63 | 0.09 | 1.18 | (1.87) | 2.14 | |
| Distributions to AMPS Shareholders from net investment income | | | | | | (0.01) | |
| Net increase (decrease) from investment operations | (0.69) | 1.41 | 0.89 | 2.00 | (1.06) | 2.99 | |
| Distributions to Common Shareholders from net investment income ² | (0.38) | (0.81) | (0.83) | (0.85) | (0.85) | (0.88) | |
| Net asset value, end of period | \$ 14.01 | \$ 15.08 | \$ 14.48 | \$ 14.42 | \$ 13.27 | \$ 15.18 | |
| Market price, end of period | \$ 13.47 | \$ 14.94 | \$ 13.13 | \$ 12.94 | \$ 12.32 | \$ 15.55 | |
| Total Return Applicable to Common Shareholders³ | | | | | | | |
| Based on net asset value | (4.48)% ⁴ | 10.33% | 6.84% | 16.19% | (7.41)% | 23.64% | |
| Based on market price | (7.31)% ⁴ | 20.55% | 7.96% | 12.30% | (16.08)% | 32.85% | |
| Ratios to Average Net Assets Applicable to Common Shareholders | | | | | | | |
| Total expenses | 1.89% ⁵ | 1.56% | 1.50% | 1.61% | 1.66% | 1.52% ⁶ | |
| Total expenses after fees waived and/or paid indirectly | 1.86% ⁵ | 1.55% | 1.49% | 1.56% | 1.60% | 1.46% ⁶ | |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs ⁷ | 0.95% ⁵ | 0.95% | 0.96% | 0.95% | 0.97% | 1.00% ^{6,8} | |
| Net investment income | 5.11% ⁵ | 5.32% | 5.41% | 6.01% | 5.36% | 6.05% ⁶ | |
| Distributions to AMPS Shareholders | | | | | | 0.04% | |
| Net investment income to Common Shareholders | 5.11% ⁵ | 5.32% | 5.41% | 6.01% | 5.36% | 6.01% | |
| Supplemental Data | | | | | | | |
| Net assets applicable to Common Shareholders, end of period (000) | \$ 315,434 | \$ 339,493 | \$ 325,911 | \$ 324,563 | \$ 298,707 | \$ 341,144 | |
| VMTP Shares outstanding at \$100,000 liquidation value, end of period (000) | \$ 131,000 | \$ 131,000 | \$ 131,000 | \$ 131,000 | \$ 131,000 | \$ 131,000 | |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period | \$ 340,789 | \$ 359,155 | \$ 348,787 | \$ 347,758 | \$ 328,021 | \$ 360,416 | |
| Borrowings outstanding, end of period (000) | \$ 62,325 | \$ 57,549 | \$ 51,795 | \$ 52,497 | \$ 81,123 | \$ 88,921 | |
| Portfolio turnover rate | 6% | 15% | 13% | 28% | 40% | 36% | |

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- ¹ Based on average Common Shares outstanding.
- ² Distributions for annual periods determined in accordance with federal income tax regulations.
- ³ Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- ⁴ Aggregate total return.
- ⁵ Annualized.
- ⁶ Does not reflect the effect of distributions to AMPS Shareholders.
- ⁷ Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VMTP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- ⁸ For the year ended July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.97%.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2017

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Financial Highlights

BlackRock MuniYield California Quality Fund, Inc.
(MCA)

| | Six Months Ended January 31, 2017 | | Year Ended July 31, | | | |
|--|---|------------|---------------------|------------|------------|--------------------|
| | (Unaudited) | 2016 | 2015 | 2014 | 2013 | 2012 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 16.77 | \$ 16.11 | \$ 16.14 | \$ 14.83 | \$ 16.60 | \$ 14.31 |
| Net investment income ¹ | 0.37 | 0.81 | 0.83 | 0.87 | 0.88 | 0.90 |
| Net realized and unrealized gain (loss) | (1.29) | 0.70 | 0.02 | 1.35 | (1.74) | 2.28 |
| Net increase (decrease) from investment operations | (0.92) | 1.51 | 0.85 | 2.22 | (0.86) | 3.18 |
| Distributions to Common Shareholders: ² | | | | | | |
| From net investment income | (0.39) | (0.85) | (0.88) | (0.91) | (0.91) | (0.89) |
| From net realized gain | (0.05) | | | | | |
| Total distributions to Common Shareholders | (0.44) | (0.85) | (0.88) | (0.91) | (0.91) | (0.89) |
| Net asset value, end of period | \$ 15.41 | \$ 16.77 | \$ 16.11 | \$ 16.14 | \$ 14.83 | \$ 16.60 |
| Market price, end of period | \$ 14.81 | \$ 16.75 | \$ 14.71 | \$ 14.37 | \$ 13.66 | \$ 16.59 |
| Total Return Applicable to Common Shareholders³ | | | | | | |
| Based on net asset value | (5.43)% ⁴ | 9.84% | 5.76% | 16.04% | (5.41)% | 23.15% |
| Based on market price | (9.00)% ⁴ | 20.15% | 8.47% | 12.16% | (12.83)% | 35.48% |
| Ratios to Average Net Assets Applicable to Common Shareholders | | | | | | |
| Total expenses | 1.85% ⁵ | 1.46% | 1.32% | 1.40% | 1.48% | 1.62% |
| Total expenses after fees waived and/or paid indirectly | 1.85% ⁵ | 1.46% | 1.32% | 1.40% | 1.48% | 1.61% |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs ⁶ | 0.91% ⁵ | 0.89% | 0.86% | 0.90% | 0.92% | 1.20% ⁷ |
| Net investment income to Common Shareholders | 4.56% ⁵ | 4.94% | 5.09% | 5.63% | 5.37% | 5.79% |
| Supplemental Data | | | | | | |
| Net assets applicable to Common Shareholders, end of period (000) | \$ 530,339 | \$ 576,764 | \$ 554,060 | \$ 555,127 | \$ 510,018 | \$ 570,559 |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000) | \$ 166,500 | \$ 166,500 | \$ 166,500 | \$ 166,500 | \$ 166,500 | \$ 166,500 |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period | \$ 418,522 | \$ 446,404 | \$ 432,769 | \$ 433,410 | \$ 406,317 | \$ 442,678 |
| Borrowings outstanding, end of period (000) | \$ 185,698 | \$ 176,433 | \$ 172,574 | \$ 127,397 | \$ 188,185 | \$ 199,874 |
| Portfolio turnover rate | 23% | 23% | 36% | 15% | 25% | 34% |

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- ¹ Based on average Common Shares outstanding.
- ² Distributions for annual periods determined in accordance with federal income tax regulations.
- ³ Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- ⁴ Aggregate total return.
- ⁵ Annualized.
- ⁶ Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- ⁷ For the year ended July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.95%.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield New York Quality Fund, Inc.
(MYN)

| | Six Months Ended January 31, 2017 (Unaudited) | | Year Ended July 31, | | | |
|--|--|------------|---------------------|------------|------------|--------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 15.07 | \$ 14.16 | \$ 14.09 | \$ 13.17 | \$ 15.07 | \$ 13.44 |
| Net investment income ¹ | 0.32 | 0.70 | 0.75 | 0.78 | 0.83 | 0.83 |
| Net realized and unrealized gain (loss) | (1.23) | 0.94 | 0.09 | 0.97 | (1.88) | 1.65 |
| Net increase (decrease) from investment operations | (0.91) | 1.64 | 0.84 | 1.75 | (1.05) | 2.48 |
| Distributions to Common Shareholders from net investment income ² | (0.33) | (0.73) | (0.77) | (0.83) | (0.85) | (0.85) |
| Net asset value, end of period | \$ 13.83 | \$ 15.07 | \$ 14.16 | \$ 14.09 | \$ 13.17 | \$ 15.07 |
| Market price, end of period | \$ 12.95 | \$ 14.40 | \$ 13.13 | \$ 12.71 | \$ 12.34 | \$ 15.11 |
| Total Return Applicable to Common Shareholders³ | | | | | | |
| Based on net asset value | (5.97)% ⁴ | 12.19% | 6.54% | 14.21% | (7.33)% | 19.10% |
| Based on market price | (7.86)% ⁴ | 15.60% | 9.52% | 9.95% | (13.40)% | 27.38% |
| Ratios to Average Net Assets Applicable to Common Shareholders | | | | | | |
| Total expenses | 1.87% ⁵ | 1.51% | 1.44% | 1.50% | 1.53% | 1.65% |
| Total expenses after fees waived and/or paid indirectly | 1.87% ⁵ | 1.50% | 1.44% | 1.50% | 1.53% | 1.65% |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs ⁶ | 0.92% ⁵ | 0.89% | 0.89% | 0.91% | 0.91% | 1.27% ⁷ |
| Net investment income to Common Shareholders | 4.46% ⁵ | 4.79% | 5.22% | 5.82% | 5.59% | 5.78% |
| Supplemental Data | | | | | | |
| Net assets applicable to Common Shareholders, end of period (000) | \$ 547,505 | \$ 596,528 | \$ 560,372 | \$ 557,606 | \$ 521,263 | \$ 594,807 |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000) | \$ 247,700 | \$ 247,700 | \$ 247,700 | \$ 247,700 | \$ 247,700 | \$ 247,700 |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period | \$ 321,036 | \$ 340,827 | \$ 326,230 | \$ 325,114 | \$ 310,441 | \$ 340,132 |
| Borrowings outstanding, end of period (000) | \$ 121,227 | \$ 112,712 | \$ 93,113 | \$ 89,734 | \$ 108,615 | \$ 117,960 |
| Portfolio turnover rate | 5% | 15% | 20% | 18% | 10% | 17% |

¹ Based on average Common Shares outstanding.

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- ² Distributions for annual periods determined in accordance with federal income tax regulations.
- ³ Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- ⁴ Aggregate total return.
- ⁵ Annualized.
- ⁶ Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- ⁷ For the year ended July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.92%.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2017

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Financial Highlights

BlackRock MuniYield Quality Fund III, Inc. (MYI)

| | Six Months Ended January 31, 2017 (Unaudited) | | Year Ended July 31, | | | | |
|--|--|--------------|---------------------|--------------|------------|--------------------|--|
| | 2016 | 2015 | 2014 | 2013 | 2012 | | |
| Per Share Operating Performance | | | | | | | |
| Net asset value, beginning of period | \$ 15.49 | \$ 14.79 | \$ 14.84 | \$ 13.64 | \$ 15.32 | \$ 13.19 | |
| Net investment income ¹ | 0.39 | 0.84 | 0.87 | 0.89 | 0.89 | 0.87 | |
| Net realized and unrealized gain (loss) | (1.28) | 0.74 | (0.03) | 1.18 | (1.70) | 2.13 | |
| Net increase (decrease) from investment operations | (0.89) | 1.58 | 0.84 | 2.07 | (0.81) | 3.00 | |
| Distributions to Common Shareholders from net investment income ² | (0.41) | (0.88) | (0.89) | (0.87) | (0.87) | (0.87) | |
| Net asset value, end of period | \$ 14.19 | \$ 15.49 | \$ 14.79 | \$ 14.84 | \$ 13.64 | \$ 15.32 | |
| Market price, end of period | \$ 13.95 | \$ 15.63 | \$ 14.04 | \$ 13.46 | \$ 12.80 | \$ 15.81 | |
| Total Return Applicable to Common Shareholders³ | | | | | | | |
| Based on net asset value | (5.75)% ⁴ | 11.08% | 6.12% | 16.23% | (5.66)% | 23.45% | |
| Based on market price | (8.17)% ⁴ | 18.07% | 11.06% | 12.35% | (14.21)% | 38.08% | |
| Ratios to Average Net Assets Applicable to Common Shareholders | | | | | | | |
| Total expenses | 1.79% ⁵ | 1.45% | 1.39% | 1.47% | 1.43% | 1.57% | |
| Total expenses after fees waived and/or paid indirectly | 1.78% ⁵ | 1.45% | 1.39% | 1.47% | 1.43% | 1.56% | |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs ⁶ | 0.89% ⁵ | 0.88% | 0.88% | 0.91% | 0.89% | 1.19% ⁷ | |
| Net investment income to Common Shareholders | 5.25% ⁵ | 5.60% | 5.78% | 6.35% | 5.83% | 6.04% | |
| Supplemental Data | | | | | | | |
| Net assets applicable to Common Shareholders, end of period (000) | \$ 965,550 | \$ 1,053,232 | \$ 1,003,621 | \$ 1,007,291 | \$ 925,812 | \$ 1,036,022 | |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000) | \$ 356,400 | \$ 356,400 | \$ 356,400 | \$ 356,400 | \$ 356,400 | \$ 356,400 | |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period | \$ 370,918 | \$ 395,520 | \$ 381,600 | \$ 382,629 | \$ 359,768 | \$ 390,691 | |
| Borrowings outstanding, end of period (000) | \$ 269,064 | \$ 261,803 | \$ 244,245 | \$ 262,507 | \$ 287,426 | \$ 249,148 | |
| Portfolio turnover rate | 7% | 10% | 11% | 15% | 9% | 18% | |

¹ Based on average Common Shares outstanding.

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- ² Distributions for annual periods determined in accordance with federal income tax regulations.
- ³ Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- ⁴ Aggregate total return.
- ⁵ Annualized.
- ⁶ Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- ⁷ For the year ended July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.90%.

See Notes to Financial Statements.

Notes to Financial Statements (Unaudited)

1. Organization:

The following are registered under the Investment Company Act of 1940, as amended (the 1940 Act), as closed-end management investment companies and are referred to herein collectively as the Funds, or individually, a Fund:

| Fund Name | Herein Referred to As | Organized | Diversification Classification |
|---|-----------------------|-----------|--------------------------------|
| BlackRock MuniHoldings Quality Fund II, Inc. | MUE | Maryland | Non-diversified |
| BlackRock MuniYield California Quality Fund, Inc. | MCA | Maryland | Non-diversified |
| BlackRock MuniYield New York Quality Fund, Inc. | MYN | Maryland | Non-diversified |
| BlackRock MuniYield Quality Fund III, Inc. | MYI | Maryland | Non-diversified |

The Boards of Directors of the Funds are collectively referred to throughout this report as the Board of Directors or the Board, and the directors thereof are collectively referred to throughout this report as Directors. The Funds determine and make available for publication the NAVs of their Common Shares on a daily basis.

The Funds, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, are included in a complex of closed-end funds referred to as the Closed-End Complex.

2. Significant Accounting Policies:

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Segregation and Collateralization: In cases where a Fund enters into certain investments (e.g., futures contracts) or certain borrowings (e.g., TOB Trust transactions) that would be treated as senior securities for 1940 Act purposes, a Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Funds may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are determined on the identified cost basis. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

Distributions: Distributions from net investment income are declared monthly and paid monthly. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Distributions to Preferred Shareholders are accrued and determined as described in Note 10.

Deferred Compensation Plan: Under the Deferred Compensation Plan (the Plan) approved by each Fund's Board, the independent Directors (Independent Directors) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund, if applicable. Deferred compensation liabilities are included in officer's and directors' fees payable in the Statements of Assets and Liabilities and will remain as a liability of the Funds until such amounts are distributed in accordance with the Plan.

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Recent Accounting Standard: In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update Restricted Cash which will require entities to include the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the beginning and ending cash balances in the Statements of Cash Flows. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Management is evaluating the impact, if any, of this guidance on the Funds presentation in the Statements of Cash Flows.

Indemnifications: In the normal course of business, a Fund enters into contracts that contain a variety of representations that provide general indemnification. A Fund s maximum exposure under these arrangements is unknown because it involves future potential claims against a Fund, which cannot be predicted with any certainty.

Notes to Financial Statements (continued)

Other: Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

Through May 31, 2016, the Funds had an arrangement with their custodian whereby credits were earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. Credits previously earned may have been utilized until December 31, 2016. Under current arrangements effective June 1, 2016, the Funds no longer earn credits on uninvested cash, and may incur charges on uninvested cash balances and overdrafts, subject to certain conditions.

3. Investment Valuation and Fair Value Measurements:

Investment Valuation Policies: The Funds' investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board. The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of each Fund's assets and liabilities:

Municipal investments (including commitments to purchase such investments on a "when-issued" basis) are valued on the basis of prices provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments.

Investments in open-end U.S. mutual funds are valued at NAV each business day.

Futures contracts traded on exchanges are valued at their last sale price.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include Market approach, Income approach and Cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

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Level 2 other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Notes to Financial Statements (continued)

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with each Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

4. Securities and Other Investments:

Zero-Coupon Bonds: Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

Forward Commitments and When-Issued Delayed Delivery Securities: Certain Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. A Fund may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, a Fund may be required to pay more at settlement than the security is worth. In addition, a Fund is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, a Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, a Fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

Municipal Bonds Transferred to TOB Trusts: The Funds leverage their assets through the use of TOB Trust transactions. The Funds transfer municipal bonds into a special purpose trust (a TOB Trust). A TOB Trust generally issues two classes of beneficial interests: short-term floating rate interests (TOB Trust Certificates), which are sold to third party investors, and residual inverse floating rate interests (TOB Residuals), which are generally issued to the participating funds that contributed the municipal bonds to the TOB Trust. The TOB Trust Certificates have interest rates that generally reset weekly and their holders have the option to tender such certificates to the TOB Trust for redemption at par and any accrued interest at each reset date. The TOB Residuals held by a Fund generally provide the Fund with the right to cause the holders of a proportional share of the TOB Trust Certificates to tender their certificates to the TOB Trust at par plus accrued interest. The Funds may withdraw a corresponding share of the municipal bonds from the TOB Trust. Other funds managed by the investment adviser may also contribute municipal bonds to a TOB Trust into which each Fund has contributed bonds. If multiple BlackRock advised funds participate in the same TOB Trust, the economic rights and obligations under the TOB Residuals will be shared among the funds ratably in proportion to their participation in the TOB Trust.

TOB Trusts are generally supported by a liquidity facility provided by a third party bank or other financial institution (the Liquidity Provider) that allows the holders of the TOB Trust Certificates to tender their certificates in exchange for payment of par plus accrued interest on any business day. The tendered TOB Trust Certificates may be purchased by the Liquidity Provider and are usually remarketed by a Remarketing Agent, which is typically an affiliated entity of the Liquidity Provider. The Remarketing Agent may also purchase the tendered TOB Trust Certificates for its own account in the event of a failed remarketing.

The TOB Trust may be collapsed without the consent of a Fund, upon the occurrence of tender option termination events (TOTEs) or mandatory termination events (MTEs), as defined in the TOB Trust agreements. TOTEs include the bankruptcy or default of the issuer of the municipal bonds held in the TOB Trust, a substantial downgrade in the credit quality of the issuer of the municipal bonds held in the TOB Trust, failure of any scheduled payment of principal or interest on the municipal bonds, and/or a judgment or ruling that interest on the municipal bond is subject to federal income taxation. MTEs may include, among other things, a failed remarketing of the TOB Trust Certificates, the inability of the TOB Trust to obtain renewal of the liquidity support agreement and a substantial decline in the market value of the municipal bonds held in the TOB Trust. Upon the occurrence of a TOTE or an MTE, the TOB Trust would be liquidated with the proceeds applied first to any accrued fees owed to the trustee of the TOB Trust, the Remarketing Agent and the Liquidity Provider. In the case of an MTE, after the payment of fees, the TOB Trust Certificates holders would be paid before the TOB Residuals holders (i.e., the Funds). In contrast, in the case of a TOTE, after payment of fees, the TOB Trust Certificates holders and the TOB Residuals holders would be paid pro rata in proportion to the respective face values of their certificates. During the six months ended January 31, 2017, no TOB Trusts in which a Fund participated were terminated without the consent of a Fund.

While a Fund's investment policies and restrictions expressly permit investments in inverse floating rate securities, such as TOB Residuals, they generally restrict the ability of a Fund to borrow money for purposes of making investments. The Funds' management believes that a Fund's restrictions on borrowings do not apply to the Funds' TOB Trust transactions. Each Fund's transfer of the municipal bonds to a TOB Trust is considered a secured borrowing for financial reporting purposes. The cash received by the TOB Trust from the sale of the TOB Trust

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Certificates, less certain transaction expenses, is paid to a Fund. A Fund typically invests the cash received in additional municipal bonds. The municipal bonds deposited into a TOB Trust are presented in a Fund's Schedule of Investments and the TOB Trust Certificates are shown in Other Liabilities in the Statements of Assets and Liabilities. Any loans drawn by the TOB Trust pursuant to the liquidity facility to purchase tendered TOB Trust Certificates would be shown as Loan for TOB Trust Certificates.

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Volcker Rule Impact: On December 10, 2013, regulators published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), which precludes banking entities and their affiliates from sponsoring and investing in TOB Trusts. Banking entities subject to the Volcker Rule were required to fully comply by July 21, 2015, with respect to investments in and relationships with TOB Trusts established after December 31, 2013 (Non-Legacy TOB Trusts), and by July 21, 2017, with respect to investments in and relationships with TOB Trusts established prior to December 31, 2013 (Legacy TOB Trusts).

As a result, a new structure for TOB Trusts has been designed in which no banking entity would sponsor the TOB Trust. Specifically, a Fund establishes, structures and sponsors the TOB Trusts in which it holds TOB Residuals. In such a structure, certain responsibilities that previously belonged to a third party bank are performed by, or on behalf of, the Funds. The Funds have restructured any Non-Legacy TOB Trusts and are in the process of restructuring Legacy TOB Trusts in conformity with regulatory guidelines. Until all restructurings are completed, a Fund may, for a period of time, hold TOB Residuals in both Legacy TOB Trusts and new or restructured non-bank sponsored TOB Trusts.

Under the new TOB Trust structure, the Liquidity Provider or Remarketing Agent will no longer purchase the tendered TOB Trust Certificates even in the event of failed remarketing. This may increase the likelihood that a TOB Trust will need to be collapsed and liquidated in order to purchase the tendered TOB Trust Certificates. The TOB Trust may draw upon a loan from the Liquidity Provider to purchase the tendered TOB Trust Certificates. Any loans made by the Liquidity Provider will be secured by the purchased TOB Trust Certificates held by the TOB Trust and will be subject to an increased interest rate based on the number of days the loan is outstanding.

Accounting for TOB Trusts: The municipal bonds deposited into a TOB Trust are presented in a Fund's Schedule of Investments and the TOB Trust Certificates are shown in Other Liabilities in the Statements of Assets and Liabilities. Any loans drawn by the TOB Trust pursuant to the liquidity facility to purchase tendered TOB Trust Certificates are shown as Loan for TOB Trust Certificates. The carrying amount of a Fund's payable to the holder of the TOB Trust Certificates, as reported in the Statements of Assets and Liabilities as TOB Trust Certificates, approximates its fair value.

Interest income, including amortization and accretion of premiums and discounts, from the underlying municipal bonds is recorded by a Fund on an accrual basis. Interest expense incurred on the TOB Trust transaction and other expenses related to remarketing, administration, trustee, liquidity and other services to a TOB Trust are shown as interest expense, fees and amortization of offering costs in the Statements of Operations. Fees paid upon creation of the TOB Trust are recorded as debt issuance costs and are amortized to interest expense, fees and amortization of offering costs in the Statements of Operations to the expected maturity of the TOB Trust. In connection with the restructurings of the TOB Trusts to non-bank sponsored TOB Trusts, a Fund incurred non-recurring, legal and restructuring fees, which are recorded as interest expense, fees and amortization of deferred offering costs in the Statements of Operations.

For the six months ended January 31, 2017, the following table is a summary of each Fund's TOB Trusts:

| | Underlying Municipal | | Range of Interest Rates on TOB Trust Certificates at Period End | Average TOB | Daily Weighted Average Rate of Interest and Other Expenses on TOB Trusts |
|-----|-------------------------|---------------------------|---|----------------|--|
| | Bonds | Liability for | | Trust | |
| | Transferred to | TOB Trust | | Certificates | |
| | TOB Trusts ¹ | Certificates ² | | Outstanding | |
| MUE | \$ 112,463,413 | \$ 62,324,733 | 0.67% - 0.86% | \$ 60,117,828 | 1.33% |
| MCA | \$ 386,241,426 | \$ 185,697,579 | 0.67% - 0.86% | \$ 189,858,569 | 1.30% |
| MYN | \$ 232,053,141 | \$ 121,226,531 | 0.69% - 0.81% | \$ 120,084,697 | 1.30% |
| MYI | \$ 469,253,644 | \$ 269,064,024 | 0.69% - 1.26% | \$ 263,957,323 | 1.31% |

¹ The municipal bonds transferred to a TOB Trust are generally high grade municipal bonds. In certain cases, when municipal bonds transferred are lower grade municipal bonds, the TOB Trust transaction may include a credit enhancement feature that provides for the timely payment of principal and interest on the bonds to the TOB Trust by a credit enhancement provider in the event of default of the municipal bond. The TOB Trust would be responsible for the payment of the credit enhancement fee and the Funds, as TOB Residuals holders, would be responsible for reimbursement of any payments of principal and interest made by the credit enhancement provider. The maximum potential amounts owed by the Funds, for such reimbursements, as applicable, are included in the maximum potential amounts disclosed for recourse TOB Trusts.

- ² The Funds may invest in TOB Trusts that are structured on a non-recourse or recourse basis. When a Fund invests in TOB Trusts on a non-recourse basis, the Liquidity Provider may be required to make a payment under the liquidity facility. In such an event, the Liquidity Provider will typically either (i) fund the full amount owed under the liquidity facility and be subsequently reimbursed from only the proceeds of the liquidation of all or a portion of the municipal bonds held in the TOB Trust or the remarketing of the TOB Trust Certificates, or (ii) liquidate all or a portion of the municipal bonds held in the TOB Trust and then fund the balance, if any, of the amount owed under the liquidity facility over the liquidation proceeds (the "Liquidation Shortfall"). If a Fund invests in a TOB Trust on a recourse basis, a Fund will usually enter into a reimbursement agreement with the Liquidity Provider where a Fund is required to reimburse the Liquidity Provider the amount of any Liquidation Shortfall. As a result, if a Fund invests in a recourse TOB Trust, a Fund will bear the risk of loss with respect to any Liquidation Shortfall. If multiple funds participate in any such TOB Trust, these losses will be shared ratably, including the maximum potential amounts owed by a Fund at January 31, 2017, in proportion to their participation in the TOB Trust. The recourse TOB Trusts are identified in the Schedules of Investments including the maximum potential amounts owed by a Fund at January 31, 2017.

Notes to Financial Statements (continued)

For the six months ended January 31, 2017, the following table is a summary of each Fund's Loan for TOB Trust Certificates:

| | Loan | Range of Interest Rates | Average Loans | Daily Weighted Average Rate of Interest and Other Expenses on Loan |
|-----|---------------------------------|--------------------------------|---------------|---|
| | Outstanding at Period End | on Loan at Period End | Outstanding | |
| MCA | | | \$ 752,831 | 0.78% |
| MYN | | | \$ 895,441 | 0.83% |
| MYI | | | \$ 1,982,808 | 0.78% |

5. Derivative Financial Instruments:

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to manage their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedules of Investments. These contracts may be transacted on an exchange or over-the-counter (OTC).

Futures Contracts: The Funds invest in long and/or short positions in futures and options on futures contracts to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Funds and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Funds are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract.

Securities deposited as initial margin are designated in the Schedules of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statements of Assets and Liabilities. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statements of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statements of Operations 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. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

6. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. (BlackRock) for 1940 Act purposes.

Investment Advisory: Each Fund entered into an Investment Advisory Agreement with the Manager, the Funds' investment adviser, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory services. The Manager is responsible for the management of each Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of each Fund.

For such services, each Fund pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of each Fund's net assets:

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| | MUE | MCA | MYN | MYI |
|--------------------------|-------|-------|-------|-------|
| Investment advisory fees | 0.55% | 0.50% | 0.50% | 0.50% |

For purposes of calculating these fees, net assets mean the total assets of the Funds minus the sum of their accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of preferred shares). It is understood that the liquidation preference of any outstanding preferred stock (other than accumulated dividends) and TOB Trusts is not considered a liability in determining a Fund's NAV.

Waivers: The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds (the affiliated money market fund waiver). These amounts are included in fees waived by the Manager in the Statements of Operations. The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation caps, as applicable, will be reduced by the amount of the affiliated money market fund waiver. For the six months ended January 31, 2017, the amounts waived were as follows:

| | MUE | MCA | MYN | MYI |
|----------------|--------|----------|----------|----------|
| Amounts waived | \$ 707 | \$ 3,224 | \$ 1,131 | \$ 3,816 |

Effective September 1, 2016, the Manager voluntarily agreed to waive its investment advisory fee with respect to any portion of Funds' assets invested in affiliated equity or fixed-income mutual funds or affiliated exchange-traded funds that have a contractual management fee. Prior to September 1, 2016,

Notes to Financial Statements (continued)

the Manager did not waive such fees. On December 2, 2016, the Manager entered into a Master Advisory Fee Agreement (Agreement), contractually committing to this arrangement through June 30, 2017. The Agreement can be renewed for annual periods thereafter, and may be terminated on 90 days notice, each subject to approval by a majority of the Funds independent directors.

The Manager, for MUE, voluntarily agreed to waive its investment advisory fee on the proceeds of the Preferred Shares and TOB Trusts that exceed 35% of total assets minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of preferred shares). This amount is included in fees waived by the Manager in the Statements of Operations. For the six months ended January 31, 2017 the waiver was \$42,336.

Officers and Directors: Certain officers and/or Directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds Chief Compliance Officer, which is included in Officer and Directors in the Statements of Operations.

7. Purchases and Sales:

For the six months ended January 31, 2017, purchases and sales of investments excluding short-term securities, were as follows:

| | MUE | MCA | MYN | MYI |
|-----------|---------------|----------------|---------------|----------------|
| Purchases | \$ 30,127,563 | \$ 212,596,933 | \$ 62,572,257 | \$ 123,005,992 |
| Sales | \$ 39,758,891 | \$ 204,689,717 | \$ 49,601,082 | \$ 110,054,554 |

8. Income Tax Information

It is the Funds policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund s U.S. federal tax returns generally remains open for each of the four years ended July 31, 2016. The statutes of limitations on each Fund s state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Funds as of January 31, 2017, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds financial statements.

As of July 31, 2016, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires July 31, | MUE | MYN | MYI |
|---------------------------------|----------------------|----------------------|----------------------|
| No expiration date ¹ | \$ 10,627,007 | \$ 20,723,468 | \$ 4,160,266 |
| 2017 | 3,385,582 | 2,295,738 | 21,251,301 |
| 2018 | 6,013,130 | 3,370,191 | 26,460,028 |
| 2019 | | 1,287,746 | |
| Total | \$ 20,025,719 | \$ 27,677,143 | \$ 51,871,595 |

¹ Must be utilized prior to losses subject to expiration.

As of January 31, 2017, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

| | MUE | MCA | MYN | MYI |
|-------------------------------|----------------|----------------|----------------|------------------|
| Tax cost | \$ 408,722,370 | \$ 652,687,595 | \$ 748,154,432 | \$ 1,233,857,321 |
| Gross unrealized appreciation | \$ 34,517,973 | \$ 37,752,721 | \$ 46,085,996 | \$ 91,130,504 |
| Gross unrealized depreciation | (1,813,426) | | (6,492,810) | (11,269,852) |
| Net unrealized appreciation | \$ 32,704,547 | \$ 37,752,721 | \$ 39,593,186 | \$ 79,860,652 |

9. Principal Risks:

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

Inventories of municipal bonds held by brokers and dealers may decrease, which would lessen their ability to make a market in these securities. Such a reduction in market making capacity could potentially decrease a Fund's ability to buy or sell bonds. As a result, a Fund may sell a security at a lower price, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative impact on performance. If a Fund needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and impact performance.

Notes to Financial Statements (continued)

In the normal course of business, certain Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer to meet all its obligations, including the ability to pay principal and interest when due (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers of securities owned by the Funds. Changes arising from the general economy, the overall market and local, regional or global political and/or social instability, as well as currency, interest rate and price fluctuations, may also affect the securities' value.

Each Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force each Fund to reinvest in lower yielding securities. Each Fund may also be exposed to reinvestment risk, which is the risk that income from each Fund's portfolio will decline if each Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below each Fund portfolio's current earnings rate.

The Funds may hold a significant amount of bonds subject to calls by the issuers at defined dates and prices. When bonds are called by issuers and the Funds reinvest the proceeds received, such investments may be in securities with lower yields than the bonds originally held, and correspondingly, could adversely impact the yield and total return performance of a Fund.

It is possible that regulators could take positions that could limit the market for non-bank sponsored TOB Trust transactions or the Funds' ability to hold TOB Residuals. Under the new TOB Trust structure, the Funds will have certain additional duties and responsibilities, which may give rise to certain additional risks including, but not limited to, compliance, securities law and operational risks.

There can be no assurance that the Funds can successfully enter into restructured TOB Trust transactions in order to refinance their existing TOB Residuals holdings prior to the compliance date for the Volcker Rule, which may require that the Funds unwind existing TOB Trusts. There can be no assurance that alternative forms of leverage will be available to the Funds and any alternative forms of leverage may be more or less advantageous to the Funds than existing TOB leverage.

Should short-term interest rates rise, the Funds' investments in TOB Trust transactions may adversely affect the Funds' net investment income and dividends to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB Trust may adversely affect the Funds' NAVs per share.

The SEC and various federal banking and housing agencies have adopted credit risk retention rules for securitizations (the Risk Retention Rules), which took effect in December 2016. The Risk Retention Rules would require the sponsor of a TOB Trust to retain at least 5% of the credit risk of the underlying assets supporting the TOB Trust's municipal bonds. The Risk Retention Rules may adversely affect the Funds' ability to engage in TOB Trust transactions or increase the costs of such transactions in certain circumstances.

TOB Trust transactions constitute an important component of the municipal bond market. Accordingly, implementation of the Volcker Rule and Risk Retention Rules may adversely impact the municipal market, including through reduced demand for and liquidity of municipal bonds and increased financing costs for municipal issuers. Any such developments could adversely affect the Funds. The ultimate impact of these rules on the TOB Trust market and the overall municipal market is not yet certain.

Counterparty Credit Risk: Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Funds manage counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Funds.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Funds since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into

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bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Funds.

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Notes to Financial Statements (continued)

Concentration Risk: MCA and MYN invest a substantial amount of their assets in issuers located in a single state or limited number of states. This may subject each Fund to the risk that economic, political or social issues impacting a particular state or group of states could have an adverse and disproportionate impact on the income from, or the value or liquidity of, the Funds' respective portfolios. Investment percentages in specific states or U.S. territories are presented in the Schedules of Investments.

As of period end, MUE invested a significant portion of its assets in securities in the transportation and county, city, special district and school district sectors. MCA invested a significant portion of its assets in securities in the county, city, special district and school district sector. MYI invested a significant portion of its assets in securities in the transportation sector. Changes in economic conditions affecting such sectors would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

The Funds invest a significant portion of their assets in fixed income securities and/or use derivatives tied to the fixed income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed income securities will increase as interest rates fall and decrease as interest rates rise. The Funds may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

10. Capital Share Transactions:

Each Fund is authorized to issue 200 million shares, all of which were initially classified as Common Shares. The par value for each Fund's Common Shares is \$0.10. The par value for each Fund's Preferred Shares outstanding is \$0.10. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without approval of Common Shareholders.

Common Shares

For the periods shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

| | MCA | MYI |
|-----------------------------------|-------|---------|
| Six Months Ended January 31, 2017 | 9,066 | 59,193 |
| Year Ended July 31, 2016 | | 126,962 |

For the six months ended January 31, 2017 and the year ended July 31, 2016, shares issued and outstanding remained constant for MUE and MYN.

Preferred Shares

Each Fund's Preferred Shares rank prior to the Funds' Common Shares as to the payment of dividends by the Funds and distribution of assets upon dissolution or liquidation of a Fund. The 1940 Act prohibits the declaration of any dividend on a Fund's Common Shares or the repurchase of a Fund's Common Shares if a Fund fails to maintain asset coverage of at least 200% of the liquidation preference of the Funds' outstanding Preferred Shares. In addition, pursuant to the Preferred Shares' governing instruments, a Fund is restricted from declaring and paying dividends on classes of shares ranking junior to or on parity with the Funds' Preferred Shares or repurchasing such shares if a Fund fails to declare and pay dividends on the Preferred Shares, redeem any Preferred Shares required to be redeemed under the Preferred Shares' governing instruments or comply with the basic maintenance amount requirement of the ratings agencies rating the Preferred Shares.

The holders of Preferred Shares have voting rights equal to the voting rights of the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class on certain matters. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors to the Board of each Fund. The holders of Preferred Shares are also entitled to elect the full Board of Directors if dividends on the Preferred Shares are not paid for a period of two years. The holders of Preferred Shares are also generally entitled to a separate class vote to amend the Preferred Share governing documents. In addition, the 1940 Act requires the approval of the holders of a majority of any outstanding Preferred Shares, voting as a separate class, to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Fund's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

VRDP Shares

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MCA, MYN and MYI (collectively, the VRDP Funds), have issued Series W-7 VRDP Shares, \$100,000 liquidation preference per share, in privately negotiated offerings. The VRDP Shares were offered to qualified institutional buyers as defined pursuant to Rule 144A under the Securities Act of 1933, as amended, (the Securities Act). The VRDP Shares include a liquidity feature and the VRDP Shares of certain Funds are currently in a special rate period, each as described below.

As of period end, the VRDP Shares outstanding of each Fund were as follows:

| | Issue Date | Shares Issued | Aggregate Principal | Maturity Date |
|-----|-------------------|----------------------|----------------------------|----------------------|
| MCA | 4/21/11 | 1,665 | \$ 166,500,000 | 5/01/41 |
| MYN | 4/21/11 | 2,477 | \$ 247,700,000 | 5/01/41 |
| MYI | 5/19/11 | 3,564 | \$ 356,400,000 | 6/01/41 |

Notes to Financial Statements (continued)

Redemption Terms: Each VRDP Fund is required to redeem its VRDP Shares on the maturity date, unless earlier redeemed or repurchased. Six months prior to the maturity date, each VRDP Fund is required to begin to segregate liquid assets with the Funds' custodian to fund the redemption. In addition, VRDP Funds are required to redeem certain of their outstanding VRDP Shares if they fail to comply with certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, the VRDP Shares may also be redeemed, in whole or in part, at any time at the option of the VRDP Funds. The redemption price per VRDP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends. In the event of an optional redemption of the VRDP Shares during the period commencing on the date of issuance and ending on the initial termination date of the fee agreement, the VRDP Funds must pay the liquidity provider fees on such redeemed VRDP Shares for the remaining term of the fee agreement up to such initial termination date.

Liquidity Feature: Each VRDP Fund entered into a fee agreement with the liquidity provider that requires an initial commitment and a per annum liquidity fee payable to the liquidity provider. These fees, if applicable, are shown as liquidity fees in the Statements of Operations.

The fee agreement between the VRDP Funds and the liquidity provider is for a 364 day term and was scheduled to expire on July 7, 2016 unless renewed or terminated in advance. The VRDP Funds renewed the fee agreement for an additional 364 days term which is scheduled to expire on July 6, 2017, unless renewed or terminated in advance.

In the event the fee agreement is not renewed or is terminated in advance, and the VRDP Funds do not enter into a fee agreement with an alternate liquidity provider, the VRDP Shares will be subject to mandatory purchase by the liquidity provider prior to the termination of the fee agreement. In the event of such mandatory purchase, VRDP Funds are required to redeem the VRDP Shares six months after the purchase date. Immediately after such mandatory purchase, the VRDP Funds are required to begin to segregate liquid assets with their custodian to fund the redemption. There is no assurance the VRDP Funds will replace such redeemed VRDP Shares with any other preferred shares or other form of leverage.

Remarketing: The VRDP Funds may incur remarketing fees of 0.10% on the aggregate principal amount of all the Funds' VRDP Shares, which, if any, are included in remarketing fees on Preferred Shares in the Statements of Operations. During any special rate period (as described below), the VRDP Funds may incur no/nominal remarketing fees.

Dividends: Dividends on the VRDP Shares are payable monthly at a variable rate set weekly by the remarketing agent. Such dividend rates are generally based upon a spread over a base rate and cannot exceed a maximum rate. In the event of a failed remarketing, the dividend rate of the VRDP Shares will be reset to a maximum rate. The maximum rate is determined based on, among other things, the long-term preferred share rating assigned to the VRDP Shares and the length of time that the VRDP Shares fail to be remarketed. At the date of issuance, the VRDP Shares were assigned long-term ratings of Aaa from Moody's and AAA from Fitch. Subsequent to the issuance of the VRDP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of period end, the VRDP Shares were assigned a long-term rating of Aa1 from Moody's under its new ratings methodology. The VRDP Shares continue to be assigned a long-term rating of AAA from Fitch.

For the six months ended January 31, 2017, the average annualized dividend rates for the VRDP Shares were as follows:

| | MCA | MYN | MYI |
|------|-------|-------|-------|
| Rate | 1.61% | 1.55% | 1.54% |

Ratings: The short-term ratings on the VRDP Shares are directly related to the short-term ratings of the liquidity provider for such VRDP Shares. Changes in the credit quality of the liquidity provider could cause a change in the short-term credit ratings of the VRDP Shares as rated by Moody's, Fitch and/or S&P. A change in the short-term credit rating of the liquidity provider or the VRDP Shares may adversely affect the dividend rate paid on such shares, although the dividend rate paid on the VRDP Shares is not directly based upon either short-term rating. The liquidity provider may be terminated prior to the scheduled termination date if the liquidity provider fails to maintain short-term debt ratings in one of the two highest rating categories.

Special Rate Period: On June 21, 2012, the VRDP Funds commenced a three-year term ending June 24, 2015 (the "special rate period"), with respect to their VRDP Shares. In May 2015, the special rate period was extended to June 22, 2016. In May 2016, the special rate period was extended to June 21, 2017 will not be subject to any remarketing and the dividend rate will be based on a predetermined methodology. The

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implementation of the special rate period resulted in a mandatory tender of the VRDP Shares prior to the commencement of the special rate period. The mandatory tender event was not the result of a failed remarketing. The short-term ratings on the VRDP Shares for the VRDP Funds were withdrawn by Moody's, Fitch and/or S&P at the commencement of the special rate period. Prior to June 21, 2017, the holder of the VRDP Shares and the VRDP Funds may mutually agree to extend the special rate period. If the special rate period is not extended, the VRDP Shares will revert to remarketable securities upon the termination of the special rate period and will be remarketed and available for purchase by qualified institutional investors.

During the special rate period, the liquidity and fee agreements remain in effect and the VRDP Shares remain subject to mandatory redemption by the VRDP Funds on the maturity date. The VRDP Shares will not be remarketed or subject to optional or mandatory tender events during the special rate period. During the special rate period, the VRDP Funds are required to comply with the same asset coverage, basic maintenance amount and leverage requirements for the VRDP Shares as is required when the VRDP Shares are not in a special rate period. The VRDP Funds will not pay any fees to the

Notes to Financial Statements (continued)

liquidity provider and remarketing agent during the special rate period. The VRDP Funds will pay dividends monthly based on the sum of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index rate and a percentage per annum based on the long-term ratings assigned to the VRDP Shares.

If the VRDP Funds redeems the VRDP Shares prior to the end of the special rate period and the VRDP Shares have long-term ratings above A1/A+ and its equivalent by all ratings agencies then rating the VRDP Shares, then such redemption may be subject to a redemption premium payable to the holder of the VRDP Shares based on the time remaining in the special rate period, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

For the six months ended January 31, 2017, VRDP Shares issued and outstanding of the VRDP Funds remained constant.

VMTP Shares

MUE has issued Series W-7 VMTP Shares, \$100,000 liquidation preference per share, in a privately negotiated offering and sale of VMTP Shares exempt from registration under the Securities Act. The VMTP Shares are subject to certain restrictions on transfer, and MUE may also be required to register the VMTP Shares for sale under the Securities Act under certain circumstances. In addition, amendments to the VMTP governing documents generally require the consent of the holders of VMTP Shares.

As of period end, the VMTP Shares outstanding of MUE were as follows:

| | Issue Date | Shares Issued | Aggregate Principal | Term Redemption Date |
|-----|------------|---------------|---------------------|----------------------|
| MUE | 12/16/11 | 1,310 | \$ 131,000,000 | 1/02/19 |

Redemption Terms: MUE is required to redeem its VMTP Shares on the term redemption date, unless earlier redeemed or repurchased or unless extended. There is no assurance that the term of MUE's VMTP Shares will be extended further or that MUE's VMTP Shares will be replaced with any other preferred shares or other form of leverage upon the redemption or repurchase of the VMTP Shares. Six months prior to the term redemption date, MUE is required to begin to segregate liquid assets with MUE's custodian to fund the redemption. In addition, MUE is required to redeem certain of its outstanding VMTP Shares if it fails to comply with certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, MUE's VMTP Shares may be redeemed, in whole or in part, at any time at the option of MUE. The redemption price per VMTP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends and applicable redemption premium. If MUE redeems the VMTP Shares prior to the term redemption date and the VMTP Shares have long-term ratings above A1/A+ or its equivalent by the ratings agencies then rating the VMTP Shares, then such redemption may be subject to a prescribed redemption premium (up to 3% of the liquidation preference) payable to the holder of the VMTP Shares based on the time remaining until the term redemption date, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

Dividends: Dividends on the VMTP Shares are declared daily and payable monthly at a variable rate set weekly at a fixed rate spread to the SIFMA Municipal Swap Index. The fixed spread is determined based on the long-term preferred share rating assigned to the VMTP Shares by the ratings agencies then rating the VMTP Shares. At the date of issuance, the VMTP Shares were assigned long-term ratings of Aaa from Moody's and AAA from Fitch. Subsequent to the issuance of the VMTP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of period end, the VMTP Shares were assigned a long-term rating of Aa1 from Moody's under its new rating methodology. The VMTP Shares continue to be assigned a long-term rating of AAA from Fitch. The dividend rate on the VMTP Shares is subject to a step-up spread if MUE fails to comply with certain provisions, including, among other things, the timely payment of dividends, redemptions or gross-up payments, and complying with certain asset coverage and leverage requirements.

For the six months ended January 31, 2017, the average annualized dividend rates for MUE's VMTP Shares was 1.64%.

For the six months ended January 31, 2017, MUE's VMTP Shares issued and outstanding remained constant.

Offering Costs: The Funds incurred costs in connection with the issuance of VRDP and VMTP Shares, which were recorded as a direct deduction from the carrying value of the related debt liability and will be amortized over the life of the VRDP and VMTP Shares with the

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exception of upfront fees paid to the liquidity provider which were amortized over the life of the liquidity agreement. Amortization of these costs is included in interest expense, fees and amortization of offering costs in the Statements of Operations.

Financial Reporting: The VRDP and VMTP Shares are considered debt of the issuer; therefore, the liquidation preference, which approximates fair value of the VRDP and VMTP Shares, is recorded as a liability in the Statements of Assets and Liabilities net of deferred offering costs. Unpaid dividends are included in interest expense and fees payable in the Statements of Assets and Liabilities, and the dividends accrued and paid on the VRDP and VMTP Shares are included as a component of interest expense, fees and amortization of offering costs in the Statements of Operations. The VRDP and VMTP Shares are treated as equity for tax purposes. Dividends paid to holders of the VRDP and VMTP Shares are generally classified as tax-exempt income for tax-reporting purposes.

Notes to Financial Statements (concluded)

11. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

| | Common Dividend Per Share | | Preferred Shares ³ | | |
|-----|---------------------------|-----------------------|-------------------------------|--------|------------|
| | Paid ¹ | Declared ² | Shares | Series | Declared |
| MUE | \$ 0.0640 | \$ 0.0640 | VMTP | W-7 | \$ 166,143 |
| MCA | \$ 0.0650 | \$ 0.0650 | VRDP | W-7 | \$ 198,356 |
| MYN | \$ 0.0540 | \$ 0.0540 | VRDP | W-7 | \$ 295,091 |
| MYI | \$ 0.0680 | \$ 0.0680 | VRDP | W-7 | \$ 424,588 |

¹ Net investment income dividend paid on March 1, 2017 to Common Shareholders of record on February 15, 2017.

² Net investment income dividend declared on March 1, 2017, payable to Common Shareholders of record on March 15, 2017.

³ Dividends declared for period February 1, 2017 to February 28, 2017.

Officers and Directors

Richard E. Cavanagh, Chair of the Board and Director

Karen P. Robards, Vice Chair of the Board and Director

Michael J. Castellano, Director

Cynthia L. Egan, Director

Frank J. Fabozzi, Director

Jerrold B. Harris, Director

R. Glenn Hubbard, Director

W. Carl Kester, Director

Catherine A. Lynch, Director

Barbara G. Novick, Director

John M. Perlowski, Director, President and Chief Executive Officer

Jonathan Diorio, Vice President

Neal J. Andrews, Chief Financial Officer

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Jay M. Fife, Treasurer

Charles Park, Chief Compliance Officer

Janey Ahn, Secretary

**Investment
Adviser**

BlackRock
Advisors, LLC
Wilmington, DE
19809

**Accounting Agent and
Custodian**

State Street Bank and
Trust Company
Boston, MA 02110

Transfer Agent

Computershare Trust
Company, N.A.
Canton, MA 02021

**VRDP Tender and Paying Agent
and VMTP Redemption and
Paying Agent**

The Bank of New York Mellon
New York, NY 10289

VRDP Remarketing Agent

Citigroup Global Markets Inc.
New York, NY 10179

**Independent
Registered Public
Accounting Firm**

Deloitte & Touche
LLP Boston, MA
02116

**VRDP Liquidity
Provider**

Citibank,
N.A.
New York, NY
10179

Legal Counsel

Skadden, Arps, Slate, Meagher
& Flom LLP Boston, MA 02116

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

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Additional Information

Fund Certification

Certain Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Dividend Policy

Each 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 distributions, the Funds 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 distributions paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Funds' investment objectives or policies or to the Funds' charters or by-laws that would delay or prevent a change of control of the Funds that were not approved by the shareholders or in the principal risk factors associated with investment in the Funds. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

Effective September 26, 2016, BlackRock implemented a new methodology for calculating effective duration for BlackRock's municipal bond portfolios. The new methodology replaces the model previously used by BlackRock to evaluate municipal bond duration and is a common indicator of an investment's sensitivity to interest rate movements. The new methodology is applied to each Fund's duration reported for periods after September 26, 2016.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Funds, may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. Any reference to BlackRock's website in this report is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:

Please contact your financial advisor. Please note that not all investment advisers, banks or brokerages may offer this service.

Householding

The Funds will mail only one copy of shareholder documents, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the

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Funds at (800) 882-0052.

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Additional Information (concluded)

General Information (concluded)

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052; and; (2) on the SEC's website at <http://www.sec.gov>.

Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds' section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following:

(i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

This report is intended for current holders. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

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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 Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

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

(a) Not Applicable to this semi-annual report.

(b) As of the date of this filing, there have been no changes in any of the portfolio managers identified in the most recent annual report on Form N-CSR.

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 There have been no material changes to these procedures.

Item 11 Controls and Procedures

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits attached hereto

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

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(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.

BlackRock MuniYield Quality Fund III, Inc.

By: /s/
John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Quality Fund III,
Inc.

Date: April 5, 2017

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/
John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Quality Fund III,
Inc.

Date: April 5, 2017

By: /s/
Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock MuniYield Quality Fund III,
Inc.

Date: April 5, 2017