

BLACKROCK MUNIYIELD QUALITY FUND III, INC.  
Form N-CSR  
October 04, 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 52<sup>nd</sup> 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: 07/31/2017

Item 1 Report to Stockholders

ANNUAL REPORT

**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,

In the 12 months ended July 31, 2017, risk assets, such as stocks and high-yield bonds, continued to deliver strong performance. These markets showed great resilience during a period with big surprises, including the aftermath of the U.K.'s vote to leave the European Union and the outcome of the U.S. presidential election, which brought only brief spikes in equity market volatility. These expressions of isolationism and discontent were countered by the closely watched and less surprising elections in France, the Netherlands and Australia.

Interest rates rose, which worked against high-quality assets with more interest rate sensitivity. Aside from the shortest-term Treasury bills, most U.S. Treasuries posted negative returns, as rising energy prices, modest wage increases and steady job growth led to expectations of higher inflation and anticipation of interest rate increases by the U.S. Federal Reserve (the Fed).

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 economic uncertainty. Reflationary expectations accelerated after the U.S. election in November 2016 and continued into the beginning of 2017, stoked by expectations that the new administration's policies would provide an extra boost to U.S. growth.

The Fed has responded to these positive developments by increasing interest rates three times in the last six months, setting expectations for additional interest rate increases and moving toward normalizing monetary policy. Divergent global monetary policy continued in earnest, as the European Central Bank and the Bank of Japan reiterated their commitments to economic stimulus despite nascent signs of sustained economic growth in both countries.

In recent months, growing skepticism about the near-term likelihood of significant U.S. tax reform and infrastructure spending has tempered enthusiasm around the reflation trade. Similarly, renewed concern about oversupply has weighed on energy prices. Nonetheless, financial markets—and to an extent the Fed—have adopted a wait-and-see approach to the economic data and potential fiscal stimulus. Although uncertainty has persisted, benign credit conditions, modest inflation and the positive outlook for economic growth have kept markets relatively tranquil.

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, as well as cyclical factors, such as the Fed moving toward the normalization of monetary policy and the length of the current expansion. Tempered economic growth and high valuations across most assets have set the stage for muted returns going forward. At current valuation levels, potential equity gains will likely be closely tied to the pace of earnings growth, which has remained solid thus far in 2017.

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](http://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 July 31, 2017

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	9.51%	16.04%

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U.S. small cap equities (Russell 2000® Index)	5.35	18.45
International equities (MSCI Europe, Australasia, Far East Index)	13.79	17.77
Emerging market equities (MSCI Emerging Markets Index)	18.98	24.84
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.35	0.54
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	2.33	(5.73)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	2.51	(0.51)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.40	0.36
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	4.57	10.94

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 July 31, 2017

### Municipal Market Conditions

Municipal bonds experienced modestly positive performance for the period as a result of vastly rising interest rates spurring from generally stronger economic data, signs of inflation pressures, Federal Reserve ( 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 continued demand for fixed income investments. More specifically, investors favored the income, attractive relative yield, and stability of municipal bonds amid bouts of interest rate volatility (bond prices rise as rates fall) resulting from geopolitical tensions, the contentious U.S. election, and continued global central bank divergence i.e., policy easing outside the United States while the Fed slowly engages in policy tightening. During the 12 months ended July 31, 2017, municipal bond funds garnered net inflows of approximately \$593 million (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained robust from a historical perspective at \$412 billion (above the \$397 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 57%) as issuers continued to take advantage of low interest rates and a flat yield curve to reduce their borrowing costs.

S&P Municipal Bond Index
Total Returns as of July 31, 2017
6 months: 3.40%
12 months: 0.36%

### A Closer Look at Yields

From July 31, 2016 to July 31, 2017, yields on AAA-rated 30-year municipal bonds increased by 62 basis points ( bps ) from 2.12% to 2.74%, while 10-year rates rose by 55 bps from 1.40% to 1.95% and 5-year rates increased 37 bps from 0.84% to 1.21% (as measured by Thomson Municipal Market Data). The municipal yield curve steepened over the 12-month period with the spread between 2- and 30-year maturities steepening by 20 bps.

During the same time period, on a relative basis, tax-exempt municipal bonds broadly

outperformed U.S. Treasuries with the greatest outperformance experienced in the front and intermediate portions of the yield curve. The relative positive performance of municipal bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities became increasingly scarce. Municipal bonds came under pressure post the November U.S. election as a result of uncertainty surrounding potential tax-reform, though growing expectation that tax reform is likely to be delayed or watered down quickly eased investor concerns. 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 July 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,

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are taxable.

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



## 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 such leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Funds' return on assets purchased with leverage proceeds, income to shareholders is lower than if the Funds had not used leverage. Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Funds' obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs positively or

negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the 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 ), 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  $\frac{3}{3}$  3% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% of its total managed assets. A Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by the Preferred Shares' governing instruments or by agencies rating the Preferred Shares, which may be more stringent than those imposed by the 1940 Act.

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

## Derivative Financial Instruments

The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security commodity, index, market, and/or other 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 instrument and the underlying asset, possible default of the counterparty to the transaction or

illiquidity of the instrument. The Funds' successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

## Fund Summary as of July 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 U.S. federal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax). The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. Under normal market conditions, the Fund invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on New York Stock Exchange ( NYSE )	MUE
Initial Offering Date	February 26, 1999
Yield on Closing Market Price as of July 31, 2017 (\$14.17) <sup>1</sup>	5.42%
Tax Equivalent Yield <sup>2</sup>	9.58%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0640
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.7680
Economic Leverage as of July 31, 2017 <sup>4</sup>	38%

<sup>1</sup> 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.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal U.S. 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.

<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> 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 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
MUE <sup>1,2</sup>	0.29%	(0.50)%
Lipper General & Insured Municipal Debt Funds (Leveraged) <sup>3</sup>	(1.54)%	(0.78)%

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<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>2</sup> The Fund's discount to NAV narrowed during the period, which accounts for the difference between performance based on price and performance based on NAV.

<sup>3</sup> Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

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

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 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 factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

Reinvestment was a drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

Portfolio income made the most significant positive contribution during a period in which bond prices lost ground. The Fund's use of leverage, while enhancing the level of income, also exacerbated the impact of declining bond 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 benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields. (Duration is a measure of interest rate sensitivity.) Positions in the transportation and tax-backed (local) sectors also contributed to performance. However, investments in the tax-backed (state) sector detracted. The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	\$ 14.17	\$ 14.94	(5.15)%	\$ 15.04	\$ 12.58
Net Asset Value	\$ 14.19	\$ 15.08	(5.90)%	\$ 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	7/31/17	7/31/16
Transportation	41%	42%
County/City/Special District/School District	22	21
Utilities	13	14
Health	11	11
State	6	6
Education	3	3
Housing	2	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.

Call/Maturity Schedule<sup>2</sup>

Calendar Year Ended December 31,

2017	3
2018	23%
2019	12
2020	3
2021	17

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

<sup>3</sup> Represents less than 1% of the Fund's total investments.

\* Excludes short-term securities.

Credit Quality Allocation<sup>1</sup>

7/31/17

7/31/16

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AAA/Aaa	7%	8%
AA/Aa	55	59
A	29	27
BBB/Baa	7	5
N/R	2	1

<sup>1</sup> 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.

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## Fund Summary as of July 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 U.S. 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 U.S. federal income taxes (except that the interest may be subject to the U.S. 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 investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on NYSE	MCA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2017 (\$15.18) <sup>1</sup>	5.14%
Tax Equivalent Yield <sup>2</sup>	10.47%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0650
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.7800
Economic Leverage as of July 31, 2017 <sup>4</sup>	40%

<sup>1</sup> 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.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal U.S. 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.

<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> 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 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
MCA <sup>1,2</sup>	(4.26)%	(0.92)%
Lipper California Municipal Debt Funds <sup>3</sup>	(4.75)%	(0.88)%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

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<sup>2</sup> 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.

<sup>3</sup> Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

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

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 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 factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

California municipal bonds performed slightly better than national municipals during the period. California's 2017--2018 budget demonstrated both spending restraint and growing reserves, with a forecast that projects structural balance through 2019. The state's economy has grown at a healthy rate in recent years, with median household income and job gains outpacing U.S. growth rates.

Positions in intermediate- and longer-dated maturities declined the most in value, as they typically have longer durations relative to shorter maturities. (Duration is a measure of interest rate sensitivity.) In addition, the Fund's exposure to 3% and 4% coupon bonds detracted given that lower coupons typically underperform in a rising-rate environment.

Allocations in hospital and tax-backed (local) sectors also detracted from performance.

The Fund's positions in high-quality, short-duration pre-refunded securities contributed positively to performance. At a time of rising yields, pre-refunded securities performed well relative to longer-duration issues in part due to their higher coupon income.

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.

While the Fund's use of leverage enhanced portfolio income, the benefits of this strategy were somewhat reduced given the modest rise in funding costs associated with less accommodative central bank monetary policy. In addition, leverage exacerbated the impact of declining bond prices.

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

	7/31/17	7/31/16	Change	High	Low
Market Price	\$ 15.18	\$ 16.75	(9.37)%	\$ 16.87	\$ 13.95
Net Asset Value	\$ 15.73	\$ 16.77	(6.20)%	\$ 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	7/31/17	7/31/16
County/City/Special District/School District	36%	41%
Utilities	17	18
Health	16	14
Transportation	15	13
Education	10	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.

Call/Maturity Schedule<sup>2</sup>

Calendar Year Ended December 31,

2017	3
2018	8%
2019	15
2020	6
2021	11

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

<sup>3</sup> Represents less than 1% of the Fund's total investments.

\* Excludes short-term securities.

Credit Quality Allocation<sup>1</sup>

	7/31/17	7/31/16
AAA/Aaa	7%	15%
AA/Aa	80	75
A	11	8
BBB/Baa	1	1

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<sup>1</sup> 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.

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## Fund Summary as of July 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 U.S. 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 U.S. federal income taxes (except that the interest may be subject to the U.S. 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 investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on NYSE	MYN
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of July 31, 2017 (\$13.26) <sup>1</sup>	4.89%
Tax Equivalent Yield <sup>2</sup>	9.90%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0540
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.6480
Economic Leverage as of July 31, 2017 <sup>4</sup>	39%

<sup>1</sup> 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.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal U.S. 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.

<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> 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 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
MYN <sup>1,2</sup>	(3.29)%	(0.69)%
Lipper New York Municipal Debt Funds <sup>3</sup>	(5.60)%	(0.58)%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

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<sup>2</sup> 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.

<sup>3</sup> Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

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

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 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 factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

New York municipal bonds slightly outperformed the broader national market during the period. While new issuance in the state was relatively robust, much of it was concentrated in several large issuers. The state's overall financial prospects exhibited positive trends, albeit slightly behind national averages.

The Fund's exposure to the longer end of the yield curve detracted as longer-term bonds sold off more than the shorter-term issues. Positions in lower coupon securities also generally detracted from performance due to their longer duration characteristics. (Duration is a measure of interest rate sensitivity.)

Portfolio income made the most significant positive contribution to performance during a time in which bond prices lost ground. The Fund's use of leverage, while enhancing income, also exacerbated the impact of declining bond 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.

From a sector perspective, the Fund's exposure to the transportation and education sectors was a positive contributor. Additionally, exposure to the pre-refunded sector was beneficial as these high-quality, short-duration securities outperformed 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 MuniYield New York Quality Fund, Inc.

## Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	\$13.26	\$14.40	(7.92)%	\$14.56	\$12.50
Net Asset Value	\$14.25	\$15.07	(5.44)%	\$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	7/31/17	7/31/16
Transportation	25%	20%
County/City/Special District/School District	18	25
Education	18	18
Utilities	14	13
State	13	13
Health	6	6
Housing	3	3
Tobacco	2	1
Corporate	1	1

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

Call/Maturity Schedule<sup>3</sup>

Calendar Year Ended December 31,

2017	6%
2018	6
2019	7
2020	4
2021	16

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

\* Excludes short-term securities.

Credit Quality Allocation<sup>1</sup>

	7/31/17	7/31/16
AAA/Aaa	20%	19%
AA/Aa	55	59
A	19	16
BBB/Baa	5	4

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- N/R<sup>2</sup>
- <sup>1</sup> 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.
- <sup>2</sup> 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 July 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.

## Fund Summary as of July 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 U.S. federal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax). Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund's investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on NYSE	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of July 31, 2017 (\$14.66) <sup>1</sup>	5.57%
Tax Equivalent Yield <sup>2</sup>	9.84%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.0680
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.8160
Economic Leverage as of July 31, 2017 <sup>4</sup>	38%

<sup>1</sup> 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.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal U.S. 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.

<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> 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 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
MYI <sup>1,2</sup>	(0.69)%	(1.02)%
Lipper General & Insured Municipal Debt Funds (Leveraged) <sup>3</sup>	(1.54)%	(0.78)%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

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<sup>2</sup> The Fund's premium to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

<sup>3</sup> Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

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

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 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 factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

The Fund's exposure to the longer end of the yield curve detracted from performance given that longer-term bonds sold off more than the shorter-term issues. Positions in lower coupon securities, including zero-coupon bonds also detracted due to their longer duration characteristics. (Duration is a measure of interest rate sensitivity.) Exposure to the utilities sector was a further detractor, as certain securities underperformed.

Portfolio income made the most significant positive contribution to performance during a period in which bond prices lost ground. The Fund's use of leverage, while enhancing income, also exacerbated the impact of declining bond 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.

Exposure to the transportation sector, where yield spreads generally tightened, was a positive contributor. Many bonds in this sector are subject to the Alternative Minimum Tax, and these types of securities have outperformed in anticipation of possible tax law changes.

On a geographic basis, exposure to Illinois was beneficial. Yield spreads in the state tightened due to an increase in tax rates and a successful budget passage.

Exposure to the pre-refunded sector also aided performance, as these high-quality, short-duration securities outperformed 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.



## Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	\$ 14.66	\$ 15.63	(6.21)%	\$ 15.80	\$ 13.23
Net Asset Value	\$ 14.48	\$ 15.49	(6.52)%	\$ 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	7/31/17	7/31/16
Transportation	27%	26%
State	18	16
County/City/Special District/School District	15	15
Utilities	14	17
Health	13	12
Education	9	9
Corporate	2	2
Housing	1	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.

Call/Maturity Schedule<sup>3</sup>

Calendar Year Ended December 31,

2017	5%
2018	19
2019	12
2020	2
2021	9

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

\* Excludes short-term securities.

Credit Quality Allocation<sup>1</sup>

	7/31/17	7/31/16
AAA/Aaa	11%	11%
AA/Aa	54	61
A	21	20
BBB/Baa	12	7

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N/R

2<sup>2</sup>

1

- <sup>1</sup> 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.
- <sup>2</sup> 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 July 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.

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## Schedule of Investments July 31, 2017

## BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(Percentages shown are based on Net Assets)

	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Alabama 2.5%</b>		
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/19 (a)	\$ 5,225	\$ 5,698,019
City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35	940	1,046,944
Lower Alabama Gas District, RB, Series A, 5.00%, 9/01/46	1,025	1,284,520
		8,029,483
<b>California 22.6%</b>		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18 (a)	5,050	5,307,348
California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42	2,865	3,259,425
City & County of San Francisco California Airports Commission, ARB, Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	680	682,591
City & County of San Francisco California Airports Commission, Refunding ARB, AMT, Series A:		
2nd, 5.50%, 5/01/28	1,800	2,139,102
2nd, 5.25%, 5/01/33	1,410	1,623,756
5.00%, 5/01/44	1,860	2,090,528
City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, Series A-1, AMT, 5.50%, 3/01/30	4,045	4,555,358
City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40	2,800	3,072,832
County of Riverside Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/40	4,500	5,292,450
County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/18 (a)	3,500	3,648,925
County of Ventura California Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/18 (a)	3,175	3,321,145
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/21 (a)	1,875	2,196,300
Kern Community College District, GO, Safety, Repair & Improvement, Series C, 5.50%, 11/01/33	2,445	2,942,142
Los Angeles Community College District California, GO, Election of 2008, Series C, 5.25%, 8/01/20 (a)	2,000	2,252,280
Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33	1,675	1,740,509
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/21 (a)	2,670	3,127,531
State of California Public Works Board, LRB, Various Capital Projects, Series I: 5.50%, 11/01/30	5,000	6,029,700
	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
State of California Public Works Board, LRB, Various Capital Projects, Series I (continued): 5.50%, 11/01/31	\$ 3,130	\$ 3,766,423
5.50%, 11/01/33	3,000	3,590,520
State of California Public Works Board, RB, Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33	1,260	1,487,896
Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40	940	1,146,358
University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38	7,580	8,915,520
		72,188,639
<b>Colorado 2.1%</b>		
City & County of Denver Colorado Airport System, ARB, Series A, AMT:		
5.50%, 11/15/28	1,500	1,736,445
5.50%, 11/15/30	565	648,388
5.50%, 11/15/31	675	773,523
Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/19 (a)	3,300	3,593,007
		6,751,363

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### Florida 20.5%

City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33	405	470,784
County of Broward Florida Airport System Revenue, ARB, Series A, AMT: 5.13%, 10/01/38	5,665	6,326,049
5.00%, 10/01/45	1,440	1,604,117
County of Hillsborough Florida Aviation Authority, Refunding ARB, Tampa International Airport, Series A, AMT, 5.50%, 10/01/29	2,995	3,458,656
County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	2,500	2,795,275
County of Lee Florida HFA, RB, S/F Housing, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40	300	300,426
County of Miami-Dade Florida, RB, Seaport Department: Series A, 5.38%, 10/01/33	1,765	2,016,936
Series A, 5.50%, 10/01/42	3,000	3,503,790
Series B, AMT, 6.25%, 10/01/38	800	959,296
Series B, AMT, 6.00%, 10/01/42	1,060	1,239,712
County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29	3,130	3,718,816

### Portfolio Abbreviations

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

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Florida (continued)</b>		
County of Miami-Dade Florida Aviation, Refunding ARB, AMT, Series A:		
Miami International Airport (AGM), 5.50%, 10/01/18 (a)	\$ 4,180	\$ 4,397,569
Miami International Airport (AGM), 5.25%, 10/01/41	4,610	4,792,003
5.00%, 10/01/31	5,155	5,759,939
5.00%, 10/01/32	5,000	5,566,250
County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 8/01/19 (a)	7,600	8,280,504
Reedy Creek Florida Improvement District, GO, Series A, 5.25%, 6/01/32	1,805	2,118,817
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/21 (a)	6,965	8,104,822
		65,413,761
<b>Hawaii 1.7%</b>		
State of Hawaii, Department of Transportation, COP, AMT:		
5.25%, 8/01/25	740	850,882
5.25%, 8/01/26	1,205	1,373,748
State of Hawaii, Department of Transportation, RB, Series A, AMT, 5.00%, 7/01/45	2,805	3,149,314
		5,373,944
<b>Illinois 16.9%</b>		
City of Chicago Illinois Midway International Airport, Refunding GARB, 2nd Lien, Series A:		
5.00%, 1/01/41	1,140	1,249,144
AMT, 5.50%, 1/01/28	1,000	1,149,980
AMT, 5.50%, 1/01/29	1,500	1,717,620
AMT, 5.38%, 1/01/33	2,000	2,242,700
City of Chicago Illinois O Hare International Airport, ARB, 3rd Lien, Series A:		
5.75%, 1/01/21 (a)	1,680	1,940,014
5.75%, 1/01/39	320	362,950
City of Chicago Illinois O Hare International Airport, GARB:		
3rd Lien, Series C, 6.50%, 1/01/21 (a)	9,085	10,718,846
Senior Lien, Series D, AMT, 5.00%, 1/01/42	735	825,912
Series A (AGM), 5.00%, 1/01/18 (a)	5,000	5,087,350
City of Chicago Illinois Transit Authority, RB:		
Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 12/01/18 (a)	3,400	3,627,596
Sales Tax Receipts, 5.25%, 12/01/36	2,940	3,175,759
Sales Tax Receipts, 5.25%, 12/01/40	1,500	1,615,875
City of Chicago Illinois Wastewater Transmission, RB, 2nd Lien, 5.00%, 1/01/42	2,985	3,144,190
County of Cook Illinois Community College District No. 508, GO, City College of Chicago:		
5.25%, 12/01/30	1,270	1,364,958
5.50%, 12/01/38	1,205	1,292,628
5.25%, 12/01/43	2,960	3,104,241
Illinois Finance Authority, Refunding RB, Presence Health Network, Series C:		
4.00%, 2/15/41	1,155	1,074,843
5.00%, 2/15/41	975	1,042,099
Railsplitter Tobacco Settlement Authority, RB:		
5.50%, 6/01/23	2,350	2,677,731
6.00%, 6/01/28	670	763,364
State of Illinois, GO:		
5.25%, 2/01/31	1,495	1,594,866
5.25%, 2/01/32	2,320	2,465,441
5.50%, 7/01/33	1,000	1,069,060
5.50%, 7/01/38	700	743,442
		54,050,609
<b>Municipal Bonds</b>		
<b>Indiana 0.9%</b>		
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC):		
5.50%, 1/01/19 (a)	\$ 465	\$ 494,904
5.50%, 1/01/38	1,905	2,012,766
	460	492,131

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State of Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series A, AMT, 5.00%, 7/01/40

		2,999,801
<b>Louisiana 4.0%</b>		
City of New Orleans Aviation Board, RB, General Airport, Series B, AMT, 5.00%, 1/01/48	2,175	2,466,472
Lake Charles Louisiana Harbor & Terminal District, RB, Series B, AMT (AGM), 5.50%, 1/01/29	2,225	2,594,016
Louisiana Public Facilities Authority, RB, Ranciscan Missionaries, Series A, 5.00%, 7/01/47	5,070	5,724,435
Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29	2,020	2,096,942
		12,881,865
<b>Maryland 0.9%</b>		
County of Howard Maryland Housing Commission, RB, M/F Housing, Woodfield Oxford Square Apartments, 5.00%, 12/01/42	2,450	2,775,336
<b>Massachusetts 0.8%</b>		
Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A: 5.00%, 1/01/47	420	465,889
5.25%, 1/01/42	940	1,072,587
Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42	1,010	1,075,054
		2,613,530
<b>Michigan 2.2%</b>		
Hudsonville Michigan Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	3,420	3,835,359
Royal Oak Michigan Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a)	3,115	3,360,151
		7,195,510
<b>Minnesota 0.7%</b>		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC): 6.50%, 11/15/18 (a)	305	326,627
6.50%, 11/15/38	1,670	1,776,112
		2,102,739
<b>Mississippi 1.3%</b>		
Mississippi Development Bank, RB, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40	2,225	2,850,225
Mississippi State University Educational Building Corp., Refunding RB, Mississippi State University Improvement Project, 5.25%, 8/01/38	1,000	1,168,110
		4,018,335
<b>Nevada 2.7%</b>		
County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39	3,210	3,494,599
County of Clark Nevada, GO, Limited Tax, 5.00%, 6/01/18 (a)	5,000	5,171,250
		8,665,849

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>New Jersey 4.3%</b>		
New Jersey EDA, RB, Goethals Bridge Replacement Project, AMT, Private Activity Bond: 5.38%, 1/01/43	\$ 1,940	\$ 2,166,379
(AGM), 5.00%, 1/01/31	1,355	1,492,953
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38	3,400	3,664,010
New Jersey Transportation Trust Fund Authority, RB, Transportation System: Series A (AGC), 5.63%, 12/15/28	2,930	3,115,996
Series AA, 5.50%, 6/15/39	3,040	3,251,766
		13,691,104
<b>New York 8.1%</b>		
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	7,444,830
Water & Sewer System, 5.38%, 6/15/43	2,220	2,504,537
Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012, Series A: 5.75%, 2/15/21 (a)	565	655,191
5.75%, 2/15/47	375	431,250
Metropolitan Transportation Authority, RB: Series A, 5.25%, 11/15/38	8,500	9,747,120
Series A-1, 5.25%, 11/15/39	1,550	1,819,219
Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series, 5.25%, 7/15/36	2,000	2,254,260
TSASC, Inc., Refunding RB, Series A, 5.00%, 6/01/41	895	979,703
		25,836,110
<b>Ohio 0.9%</b>		
State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1, 5.25%, 2/15/31	2,500	2,948,400
<b>Oklahoma 0.6%</b>		
Oklahoma Development Finance Authority, RB, Provident Oklahoma Education Resources, Inc., Cross Village Student Housing Project, Series A, 5.25%, 8/01/57	1,640	1,801,081
<b>Pennsylvania 1.8%</b>		
County of Delaware Pennsylvania Authority, Refunding RB, Cabrini University, 5.00%, 7/01/42	1,060	1,169,784
Pennsylvania Turnpike Commission, RB, Series B-1, 5.25%, 6/01/47	500	573,590
Township of Bristol Pennsylvania School District, GO: 5.25%, 6/01/37	2,500	2,868,000
5.25%, 6/01/43	1,100	1,254,231
		5,865,605
<b>South Carolina 5.6%</b>		
County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38	3,760	4,424,693
County of Charleston South Carolina Airport District, ARB, Series A, AMT: 6.00%, 7/01/38	2,940	3,401,021
5.50%, 7/01/41	2,500	2,816,250
State of South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50	1,870	2,102,778
State of South Carolina Public Service Authority, Refunding RB: Series C, 5.00%, 12/01/46	1,000	1,088,140
Series E, 5.25%, 12/01/55	3,500	3,913,875
		17,746,757
<b>Municipal Bonds</b>		
<b>Tennessee 1.0%</b>		
Metropolitan Nashville Airport Authority, ARB, Series B, AMT, 5.00%, 7/01/40	\$ 3,000	\$ 3,350,490
<b>Texas 17.9%</b>		
City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37	2,345	2,714,806

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City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien, Series A (AGC):		
6.00%, 5/15/19 (a)	6,345	6,910,784
6.00%, 11/15/35	355	386,975
County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC):		
6.50%, 1/01/19 (a)	620	667,839
6.50%, 7/01/37	2,380	2,531,915
Dallas Texas Area Rapid Transit, Refunding RB, Senior Lien (a):		
5.25%, 12/01/18	2,605	2,753,928
5.25%, 12/01/18	1,950	2,061,481
Dallas-Fort Worth Texas International Airport, ARB, Joint Improvement, AMT:		
Series A, 5.00%, 11/01/38	1,615	1,766,035
Series H, 5.00%, 11/01/37	1,810	2,031,291
Lower Colorado River Authority, Refunding RB, 5.50%, 5/15/33	2,155	2,529,237
North Texas Tollway Authority, RB, Special Projects, Series A, 5.50%, 9/01/41	5,480	6,366,226
North Texas Tollway Authority, Refunding RB, 1st Tier System:		
(NPFGC), 5.75%, 1/01/18 (a)	4,340	4,428,059
(NPFGC), 5.75%, 1/01/40	1,400	1,425,480
Series A, 5.63%, 1/01/18 (a)	4,895	4,991,774
Series A, 5.63%, 1/01/33	6,080	6,194,486
Series K-2 (AGC), 6.00%, 1/01/19 (a)	1,000	1,070,590
Series S (NPFGC), 5.75%, 1/01/18 (a)	855	872,348
Series S (NPFGC), 5.75%, 1/01/18 (a)	5,835	5,953,392
Series SE (NPFGC), 5.75%, 1/01/40	145	147,732
Red River Texas Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38	1,070	1,220,399
		57,024,777
<b>Vermont 0.9%</b>		
University of Vermont & State Agricultural College, Refunding RB, 5.00%, 10/01/43	2,535	2,952,160
<b>Virginia 1.1%</b>		
City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43	945	1,058,306
State of Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a)	2,195	2,357,759
		3,416,065
<b>Washington 2.6%</b>		
City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36	2,400	2,691,120
Port of Seattle Washington, ARB, Intermediate Lien, Series C, AMT, 5.00%, 5/01/42 (b)	660	757,106
Port of Seattle Washington, RB, Intermediate Lien, Series C, AMT, 5.00%, 5/01/37 (b)	2,485	2,873,033
State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36	1,865	2,103,440
		8,424,699

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Wyoming 0.2%</b>		
State of Wyoming Municipal Power Agency, Inc., Refunding RB, Series A (BAM), 5.00%, 1/01/42	\$ 570	\$ 650,347
<b>Total Municipal Bonds 124.8%</b>		398,768,359
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>		
<b>California 2.7%</b>		
Sacramento Area Flood Control Agency, Refunding, Consolidated Capital Assessment District No.2, Series A, 5.00%, 10/01/47	7,499	8,730,838
<b>Colorado 3.0%</b>		
Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 4/29/18 (a)	9,410	9,705,380
<b>Connecticut 1.1%</b>		
Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45	3,061	3,484,776
<b>District of Columbia 0.6%</b>		
District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(d)	1,699	1,799,065
<b>Florida 4.1%</b>		
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/18 (a)	12,500	13,080,500
<b>Illinois 4.2%</b>		
City of Chicago Illinois, Refunding RB, Waterworks, 2nd Lien (AGM), 5.25%, 11/01/33	3,967	4,119,165
State of Illinois Toll Highway Authority, RB, Senior: Priority, Series A, 5.00%, 1/01/40	1,980	2,251,543
Series B, 5.00%, 1/01/40	6,148	6,939,141
		13,309,849
<b>Maryland 0.9%</b>		
City of Baltimore Maryland, RB, Wastewater Project, Sub-Series A, 5.00%, 7/01/46	2,499	2,894,920
<b>Nevada 6.1%</b>		
County of Clark Nevada Water Reclamation District, GO (a): Limited Tax, 6.00%, 7/01/18	10,000	10,467,300
Series B, 5.50%, 7/01/19	8,247	8,956,731
		19,424,031
<b>New Jersey 1.7%</b>		
New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,679	3,806,099
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (d)	1,500	1,558,197
		5,364,296
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>	<b>Par (000)</b>	<b>Value</b>
<b>New York 7.1%</b>		
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	\$ 6,698,352
City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39	2,300	2,436,757
New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43	7,515	8,518,743
New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (d)	4,400	5,078,962
		22,732,814
<b>Pennsylvania 0.7%</b>	1,963	2,238,796

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County of Westmoreland Pennsylvania Municipal Authority, Refunding RB, (BAM), 5.00%, 8/15/38		
<b>Texas 1.5%</b>		
County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38	4,296	4,781,181
<b>Utah 0.8%</b>		
City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41	2,504	2,661,944
<b>Virginia 1.4%</b>		
County of Fairfax Virginia EDA, RB, Metrorail Parking System, 5.00%, 4/01/47 (d)	3,720	4,346,113
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 35.9%</b>		114,554,503
<b>Total Long-Term Investments (Cost \$475,790,050) 160.7%</b>		513,322,862
<b>Short-Term Securities</b>	<b>Shares</b>	
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.64% (e)(f)	327,393	327,524
<b>Total Short-Term Securities (Cost \$327,524) 0.1%</b>		327,524
<b>Total Investments (Cost \$476,117,574) 160.8%</b>		513,650,386
<b>Liabilities in Excess of Other Assets (0.1)%</b>		(291,683)
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (19.7)%</b>		(62,946,153)
<b>VMTP Shares at Liquidation Value (41.0)%</b>		(131,000,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 319,412,550

### 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) 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 October 1, 2024, is \$6,783,458. See Note 4 of the Notes to Financial Statements for details.

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

(e) During the year ended July 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:

	Shares Held at July 31, 2016	Net Activity	Shares Held at July 31, 2017	Value at July 31, 2017	Income	Net Realized Gain	Change in Unrealized Appreciation (Depreciation)
<b>Affiliate</b> BlackRock Liquidity Funds, MuniCash, Institutional Class	627,379	(299,986)	327,393	\$ 327,524	\$ 15,212	\$ 2,344	

(f) Current yield as of period end.

## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/ Unrealized Appreciation (Depreciation)
<b>Short Contracts</b>				
5-Year U.S. Treasury Note	(26)	September 2017	\$ 3,072	\$ (277)
10-Year U.S. Treasury Note	(54)	September 2017	\$ 6,798	1,414
Long U.S. Treasury Bond	(31)	September 2017	\$ 4,742	(12,637)
Ultra U.S. Treasury Bond	(7)	September 2017	\$ 1,152	(9,508)
<b>Total</b>				\$ (21,008)

## 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	Interest	Other Contracts	Total
					Currency Exchange Contracts	Rate Contracts		
Futures contracts	Net unrealized appreciation <sup>1</sup>					\$ 1,414		\$ 1,414
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 <sup>1</sup>					\$ 22,422		\$ 22,422

<sup>1</sup> 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 year ended July 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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	<b>Exchange Contracts</b>	<b>Contracts</b>
Futures contracts	\$ 647,800	\$ 647,800
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>		
Futures contracts	\$ 40,008	\$ 40,008

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Futures contracts:		
Average notional value of contracts short		\$ 22,555,904

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 MuniHoldings Quality Fund II, Inc. (MUE)

**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
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 513,322,862		\$ 513,322,862
Short-Term Securities	\$ 327,524			327,524
<b>Total</b>	\$ 327,524	\$ 513,322,862		\$ 513,650,386
Derivative Financial Instruments <sup>2</sup>				
<b>Assets:</b>				
Interest rate contracts	\$ 1,414			\$ 1,414
<b>Liabilities:</b>				
Interest rate contracts	(22,422)			(22,422)
<b>Total</b>	\$ (21,008)			\$ (21,008)

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

<sup>2</sup> Derivative financial instruments are futures contracts that 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
<b>Liabilities:</b>				
TOB Trust Certificates		\$ (62,841,318)		\$ (62,841,318)
VMTP Shares at Liquidation Value		(131,000,000)		(131,000,000)
<b>Total</b>		\$ (193,841,318)		\$ (193,841,318)

During the year ended July 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

## Schedule of Investments July 31, 2017

## BlackRock MuniYield California Quality Fund, Inc. (MCA)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California 90.4%</b>		
<b>Corporate 1.3%</b>		
California Pollution Control Financing Authority, RB, San Jose Water Company Project, AMT, 4.75%, 11/01/46	\$ 4,000	\$ 4,349,120
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34	2,435	2,632,040
		6,981,160
<b>County/City/Special District/School District 35.1%</b>		
Banning Unified School District, GO, Election of 2016, Series A (AGM), 5.25%, 8/01/42	4,530	5,444,018
Chaffey Joint Union High School District, GO, CAB, Election of 2012, Series C (a):		
0.00%, 8/01/32	250	143,880
0.00%, 8/01/33	500	271,795
0.00%, 8/01/34	505	262,348
0.00%, 8/01/35	545	269,421
0.00%, 8/01/36	500	235,575
0.00%, 8/01/37	650	291,921
0.00%, 8/01/38	630	270,428
0.00%, 8/01/39	750	307,762
0.00%, 8/01/40	1,850	726,051
0.00%, 8/01/41	305	114,253
0.00%, 2/01/42	350	127,803
City & County of San Francisco California, COP, Port Facilities Project, Series C, AMT, 5.25%, 3/01/32	1,050	1,192,548
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 2/01/19 (b)	2,000	2,152,460
County of Orange California Sanitation District, COP, Series A, 5.00%, 2/01/19 (b)	2,500	2,653,400
County of Orange California Water District, COP, Refunding, 5.25%, 8/15/19 (b)	9,045	9,838,608
County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/21 (b)	2,755	3,229,135
El Monte City School District, GO, Los Angeles Country, California Series B, 5.50%, 8/01/46	4,265	5,217,332
Fowler Unified School District, GO, Election of 2016, Series A (BAM), 5.25%, 8/01/46	3,700	4,446,549
Fremont Union High School District, GO, Refunding, Series A, 4.00%, 8/01/46	1,465	1,563,331
Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 8/01/37	2,725	3,214,955
Gavilan Joint Community College District, GO, Election of 2004, Series D:		
5.50%, 8/01/31	2,165	2,508,910
5.75%, 8/01/35	8,400	9,674,196
Grossmont California Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/21 (b)	2,500	2,986,675
Grossmont California Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33	1,880	2,162,019
Imperial Irrigation District, Series A, Electric System Revenue (b):		
5.13%, 11/01/18	4,085	4,303,711
5.13%, 11/01/18	915	963,989
Inglewood Redevelopment Agency Successor Agency, Refunding, Tax Allocation Bonds, Subordinate Lien Merged Redevelopment Project, Series A (BAM), 5.00%, 5/01/38	250	287,198
Kern Community College District, GO, Safety Repair & Improvements, Series C, 5.25%, 11/01/32	5,715	6,797,250
Los Angeles Community College District California, GO, Election of 2001, Series A (NPFGC), 5.00%, 8/01/17 (b)	10,750	10,750,000
	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>County/City/Special District/School District (continued)</b>		
Los Angeles Municipal Improvement Corp., Refunding LRB, Real Property, Series B (AGC), 5.50%, 4/01/19 (b)	\$ 2,075	\$ 2,233,239
Mount San Antonio Community College District, GO, Refunding, Election of 2008, Series A, 5.00%, 8/01/34	4,500	5,201,865
Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/21 (b)	8,140	9,462,424
Orchard School District, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/19 (b)	7,490	8,099,686
Perris Union High School District, GO, Election of 2012, Series B, 5.25%, 9/01/39	2,715	3,193,139

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Pittsburg Unified School District, GO, Election of 2006, Series B (AGM) (b):		
5.50%, 8/01/18	2,000	2,093,340
5.63%, 8/01/18	4,500	4,712,715
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,195,950
Riverside County Public Financing Authority, Tax Allocation Bonds, Series A (BAM), 4.00%, 10/01/40	2,455	2,561,301
RNR School Financing Authority, Special Tax Bonds, Community Facilities District No. 92-1, Series A (BAM):		
5.00%, 9/01/37	1,500	1,735,650
5.00%, 9/01/41	3,000	3,450,720
San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A:		
5.75%, 5/01/36	2,570	2,577,453
5.75%, 5/01/42	4,500	5,157,540
San Jose California Financing Authority, Refunding LRB, Civic Center Project, Series A:		
5.00%, 6/01/32	3,375	3,891,577
5.00%, 6/01/39	5,800	6,609,332
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/20 (b)	6,475	7,241,964
San Leandro California Unified School District, GO, Election of 2010, Series A, 5.75%, 8/01/41	3,000	3,489,090
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/19 (b)	5,600	6,159,272
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/21 (b)	7,680	9,077,606
Washington Township Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/38	1,625	1,986,481
West Contra Costa California Unified School District, GO: Election of 2010, Series A (AGM), 5.25%, 8/01/41	6,140	7,024,897
Election of 2010, Series B, 5.50%, 8/01/39	3,000	3,574,050
Election of 2012, Series A, 5.50%, 8/01/39	2,500	2,978,375
		190,115,187
<b>Education 3.4%</b>		
California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42	2,750	3,148,805
California Municipal Finance Authority, Refunding RB:		
Biola University, 5.00%, 10/01/37	500	574,750
Biola University, 5.00%, 10/01/39	500	572,885
University of La Verne, Series A, 5.00%, 6/01/36	1,150	1,331,815
California School Finance Authority, RB, Alliance for College-Ready Public Schools Projects, Series A, 5.00%, 7/01/36 (c)	755	818,563

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>Education (continued)</b>		
California School Finance Authority, Refunding RB, Aspire Public Schools Obligated Group, 5.00%, 8/01/46 (c)	\$ 1,250	\$ 1,358,038
California Statewide Communities Development Authority, Refunding RB: CHF-Irvine LLC, 5.00%, 5/15/33	2,625	2,982,236
CHF-Irvine LLC, 5.00%, 5/15/35	500	565,180
CHF-Irvine LLC, 5.00%, 5/15/40	2,250	2,521,418
University of California, RB, 5.25%, 5/15/36	3,680	4,389,210
		18,262,900
<b>Health 8.6%</b>		
California Health Facilities Financing Authority, RB: Children's Hospital, Series A, 5.25%, 11/01/41	10,000	11,183,300
Providence Health Services, Series B, 5.50%, 10/01/39	4,205	4,558,388
Sutter Health, Series B, 6.00%, 8/15/42	7,715	8,777,124
California Health Facilities Financing Authority, Refunding RB, Series A (b): Catholic Healthcare West, 6.00%, 7/01/19	5,500	6,026,240
Dignity Health, 6.00%, 7/01/19	2,370	2,596,762
California Municipal Finance Authority, Refunding RB, Community Medical Centers, Series A, 5.00%, 2/01/42	4,000	4,508,960
California Statewide Communities Development Authority, RB, Sutter Health, Series A, 6.00%, 8/15/42	5,130	5,823,063
California Statewide Communities Development Authority, Refunding RB, Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41	2,860	3,203,000
		46,676,837
<b>State 6.6%</b>		
State of California, GO, Various Purposes: 6.00%, 3/01/33	5,500	6,186,290
6.00%, 4/01/38	13,880	14,998,728
6.00%, 11/01/39	3,510	3,883,920
State of California Public Works Board, LRB: Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	3,670	3,996,043
Various Capital Projects, Series I, 5.50%, 11/01/33	2,575	