

BLACKROCK MUNIYIELD QUALITY FUND III, INC.  
Form N-CSR  
October 04, 2018

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: 07/31/2018

Date of reporting period: 07/31/2018

Item 1 Report to Stockholders

JULY 31, 2018

**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, 2018, the strongest corporate profits in seven years drove the equity market higher, while rising interest rates constrained bond returns. Though the market's appetite for risk remained healthy, risk-taking was tempered somewhat, as shorter-term, higher-quality securities led the bond market, and U.S. equities outperformed most international stock markets.

Strong equity performance worldwide was driven by synchronized economic growth across the most influential economies. However, volatility in emerging market stocks rose, as U.S.-China trade relations and debt concerns weighed heavily on the Chinese stock market, while Turkey became embroiled in a currency crisis shortly after the end of the reporting period.

Short-term U.S. Treasury interest rates rose the fastest, while longer-term rates slightly increased, leading to a negative return for long-term U.S. Treasuries and a substantial flattening of the yield curve. Many investors are concerned with the flattening yield curve as a harbinger of recession, but given the extraordinary monetary measures in the last decade, we believe a more accurate barometer for the economy is the returns along the risk spectrums in stock and bond markets. Although the fundamentals in credit markets remained relatively solid, investment-grade bonds declined slightly, and high-yield bonds posted modest returns.

In response to rising growth and inflation, the U.S. Federal Reserve (the Fed) increased short-term interest rates three times during the reporting period. The Fed also reduced its \$4.3 trillion balance sheet by approximately \$180 billion during the reporting period, gradually reversing the unprecedented stimulus measures it enacted after the financial crisis. Meanwhile, the European Central Bank announced that its bond-purchasing program would conclude at the end of the year, while also expressing its commitment to low interest rates. In contrast, the Bank of Japan continued to expand its balance sheet through bond purchasing while lowering its expectations for inflation.

The U.S. economy continued to gain momentum despite the Fed's modest reduction of economic stimulus; unemployment declined to 3.9%, wages increased, and the number of job openings reached a record high. Strong economic performance may justify a more rapid pace of rate hikes in 2018, as the headline inflation rate and investors' expectations for inflation have already surpassed the Fed's target of 2.0%.

While U.S. monetary policy is seeking to restrain economic growth and inflation, fiscal policy has produced new sources of growth that could nourish the economy for the next few years. Corporate tax cuts and repatriation of capital held abroad could encourage a virtuous cycle of business spending. Lower individual tax rates coupled with the robust job market may refresh consumer spending.

We continue to believe the primary risks to economic expansion are trade protectionism, rapidly rising interest rates, and geopolitical tension. Given the deflationary forces of technology and globalization, a substantial increase in inflation is unlikely to materialize as long as the unemployment rate remains above 3.0%. However, we are closely monitoring trade protectionism and the rise of populism in Western nations. In particular, the outcome of trade negotiations between the United States and China is likely to influence the global growth trajectory and set the tone for free trade in many other nations.

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 July 31, 2018**

	<b>6-month</b>	<b>12-month</b>
U.S. large cap equities (S&P 500® Index)	0.70%	16.24%
U.S. small cap equities (Russell 2000® Index)	6.75	18.73
International equities (MSCI Europe, Australasia, Far East Index)	(5.12)	6.40
Emerging market equities (MSCI Emerging Markets Index)	(11.94)	4.36
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.85	1.43
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	(0.95)	(3.66)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(0.45)	(0.80)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.20	1.21
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	0.65	2.60

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

Table of Contents

	<b>Page</b>
<u>The Markets in Review</u>	2
<b>Annual Report:</b>	
<u>Municipal Market Overview</u>	4
<u>The Benefits and Risks of Leveraging</u>	5
<u>Derivative Financial Instruments</u>	5
<u>Fund Summaries</u>	6
Financial Statements:	
<u>Schedules of Investments</u>	14
<u>Statements of Assets and Liabilities</u>	41
<u>Statements of Operations</u>	42
<u>Statements of Changes in Net Assets</u>	43
<u>Statements of Cash Flows</u>	45
<u>Financial Highlights</u>	46
<u>Notes to Financial Statements</u>	50
<u>Report of Independent Registered Public Accounting Firm</u>	60
<u>Disclosure of Investment Advisory Agreements</u>	61
<u>Automatic Dividend Reinvestment Plans</u>	64
<u>Director and Officer Information</u>	65
<u>Additional Information</u>	68
<u>Glossary of Terms Used in this Report</u>	70

## Municipal Market Overview For the Reporting Period Ended July 31, 2018

**Municipal Market Conditions**

Municipal bonds experienced positive performance during the period despite rising interest rates resulting from continued Fed monetary policy normalization, firmer economic data, and the anticipated impacts of fiscal stimulus. Ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in continued demand for fixed income investments. More specifically, investors favored the tax-exempt income, diversification, quality, and value of municipal bonds amid fiscal policy uncertainty, which saw tax reform ultimately lower the top individual tax rate just 2.6% while eliminating deductions and increasing demand for tax shelter. During the 12 months ended July 31, 2018, municipal bond funds experienced net inflows of approximately \$24 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance was moderate from a historical perspective at \$370 billion (well below the \$408 billion issued in the prior 12-month period), but displayed significant month to month volatility. Notably, issuance in December posted the highest monthly total on record at \$56 billion, as issuers rushed deals to market ahead of the expected elimination of the tax-exemption for advanced refunding bonds and possibly private activity bonds (PABs). Ultimately, the final version of the Tax Cuts and Jobs Act left PABs unchanged, though the elimination of advanced refundings has suppressed supply in 2018, providing a powerful technical tailwind.

S&P Municipal Bond Index  
Total Returns as of July 31, 2018  
6 months: 1.20%  
12 months: 1.21%

**A Closer Look at Yields**

From July 31, 2017 to July 31, 2018, yields on AAA-rated 30-year municipal bonds increased by 27 basis points ( bps ) from 2.74% to 3.01%, while 10-year rates increased by 50 bps from 1.95% to 2.45% and 5-year rates increased by 76 bps from 1.21% to 1.97% (as measured by Thomson Municipal Market Data). The municipal yield curve bear flattened over the 12-month period with the spread between 2- and 30-year maturities flattening by 41 bps, however remained a significant 72 bps steeper than the corresponding U.S. Treasury curve.

During the same time period, on a relative basis, tax-exempt municipal bonds strongly outperformed U.S. Treasuries with the greatest outperformance experienced in the front and intermediate portions of the yield curve. The relative positive performance of municipal bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities became increasingly scarce. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on

income as tax rates rise.

### **Financial Conditions of Municipal Issuers**

The majority of municipal credits remain strong, despite well-publicized problems among a few issuers. Four of the five states with the largest amount of debt outstanding—California, New York, Texas and Florida—continue to exhibit improved credit fundamentals. However, several states with the largest unfunded pension liabilities are faced with elevated borrowing costs and difficult budgetary decisions. Across the country on the local level, property values support credit stability. Revenue bonds continue to drive performance as investors continue to seek higher yield bonds in the tobacco sector. 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, 2018, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

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



## The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the distribution rate on, and net asset value ( NAV ) of, their common shares ( Common Shares ). However, there is no guarantee that these objectives can be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Funds (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Funds' shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, a Fund's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by a Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Fund's financing cost of leverage is significantly lower than the income earned on a Fund's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Funds' return on assets purchased with leverage proceeds, income to shareholders is lower than if the Funds had not used leverage. Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Funds' obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Funds' intended leveraging strategy will be successful.

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

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

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

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

#### Derivative Financial Instruments

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

Fund Summary as of July 31, 2018

**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, 2018 (\$12.36) <sup>(a)</sup>	5.24%
Tax Equivalent Yield <sup>(b)</sup>	8.85%
Current Monthly Distribution per Common Share <sup>(c)</sup>	\$0.0540
Current Annualized Distribution per Common Share <sup>(c)</sup>	\$0.6480
Economic Leverage as of July 31, 2018 <sup>(d)</sup>	37%

<sup>(a)</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>(b)</sup> Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 40.80%, 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>(c)</sup> The distribution rate is not constant and is subject to change.

<sup>(d)</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, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>NAV</i>
MUE <sup>(a)(b)</sup>	(7.85)%	0.87%
Lipper General & Insured Municipal Debt Funds (Leveraged) <sup>(c)</sup>	(4.84)	1.88

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

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

Past performance is not indicative of future results.

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

The U.S. municipal bond market posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 due to a spike in U.S. Treasury yields, the market was supported by the improving fundamentals of state and local issuers, as well as low new-issue supply from January onward.

Given that bond prices declined somewhat, the Fund's return was primarily derived from income. The Fund's use of leverage, while amplifying the impact of weak price performance, provided additional income and was therefore a net contributor. However, the cost of leverage increased due to rising short-term interest rates.

Long-term bonds outperformed short-term debt, leading to a flattening of the yield curve. In this environment, the Fund's positions in bonds with maturities of 20 years and above generated positive returns. Longer-bonds' stronger performance also reflected their higher yields versus the market as a whole. Conversely, the Fund's investments in shorter-maturity debt weighed on results as interest rate increases by the Fed continued to push short-term yields higher.

Positions in pre-refunded bonds added value. Although these are short-maturity issues, they nonetheless performed well due to their above-average yields and lower sensitivity to the weakness in the broader market. Transportation issues, the Fund's second-largest sector weighting after pre-refunded bonds, also made a large contribution to absolute returns.

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

Positions in higher-yielding, lower-rated bonds performed well and outpaced the broader market. The category was boosted by improving credit fundamentals and the combination of strong investor demand and limited new-issue supply. Overall, however, the Fund's emphasis on higher-quality bonds was a headwind to performance.

Fund Summary as of July 31, 2018 (continued)

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

The Fund's allocations to Illinois and New Jersey issues were further contributors to performance. Illinois successfully passed a budget and moved closer to achieving fiscal balance and a stabilization of its credit rating. New Jersey's debt outpaced the national market due in part to investors' positive reaction to legislation that redirected roughly \$1 billion annually in lottery proceeds to the state's pension funds. Yield spreads on New Jersey bonds compressed, contributing to the positive returns.

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

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**

	<i>07/31/18</i>	<i>07/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 12.36	\$ 14.17	(12.77)%	\$ 14.31	\$ 12.03
Net Asset Value	13.55	14.19	(4.51)	14.29	13.47

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Total Investments\*****SECTOR ALLOCATION**

<i>Sector</i>	<i>07/31/18</i>	<i>07/31/17</i>
Transportation	35%	41%
County/City/Special District/School District	18	22
Utilities	14	13
Education.	10	3
Health	9	11
State	8	6
Housing	3	2
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>(c)</sup>**

Calendar Year Ended December 31,	
2018	8%
2019	12
2020	3
2021	18
2022	5

- <sup>(c)</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>(a)</sup>**

<i>Credit Rating</i>	<i>07/31/18</i>	<i>07/31/17</i>
AAA/Aaa	5%	7%
AA/Aa	53	55
A	30	29
BBB/Baa	9	7
N/R <sup>(b)</sup>	3	2

- <sup>(a)</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.

- <sup>(b)</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.

FUND SUMMARY

7

Fund Summary as of July 31, 2018

**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, 2018 (\$13.30) <sup>(a)</sup>	4.69%
Tax Equivalent Yield <sup>(b)</sup>	10.22%
Current Monthly Distribution per Common Share <sup>(c)</sup>	\$0.0520
Current Annualized Distribution per Common Share <sup>(c)</sup>	\$0.6240
Economic Leverage as of July 31, 2018 <sup>(d)</sup>	42%

<sup>(a)</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>(b)</sup> Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 54.10%, 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>(c)</sup> The distribution rate is not constant and is subject to change.

<sup>(d)</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, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>NAV</i>
MCA <sup>(a)(b)</sup>	(8.07)%	1.86%
Lipper California Municipal Debt Funds <sup>(c)</sup>	(6.07)	1.15



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

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

Past performance is not indicative of future results.

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

The U.S. municipal bond market posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 due to a spike in U.S. Treasury yields, the market was supported by the improving fundamentals of state and local issuers, as well as low new-issue supply from January onward. Short-term bonds, which have above-average sensitivity to Fed policy, generally lagged longer-term issues.

After a period of outperformance, California municipal bonds trailed the national market over the past 12 months due to the combination of richer valuations, tighter yield spreads, and significant new-issue supply.

Positions in bonds with maturities of 20 years and above made a strong contribution to the Fund's return. Longer-term bonds, in addition to generating stronger price performance than other market segments, also provided higher income.

Positions in AA rated securities, particularly those in the school district sector, were additive to results. Health care and transportation issues also aided returns.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Since Treasury yields rose (as prices fell), this aspect of the Fund's positioning had a positive impact on returns.

Given that bond prices declined somewhat, the Fund's return was primarily derived from income. The Fund's use of leverage, while amplifying the impact of weak price performance, provided additional income and was therefore a net contributor. However, the cost of leverage increased due to rising short-term interest rates.

Fund Summary as of July 31, 2018 (continued)

**BlackRock MuniYield California Quality Fund, Inc.**

The Fund's allocation to higher-quality securities detracted relative to lower-rated issues, as the latter category provided higher income and stronger price performance. The Fund's quality guidelines restrict the purchase of non-investment grade securities.

Positions in bonds with shorter and intermediate maturities, which lagged those with longer-dated maturities, also detracted.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

### Market Price and Net Asset Value Per Share Summary

	07/31/18	07/31/17	Change	High	Low
Market Price	\$ 13.30	\$ 15.18	(12.38)%	\$ 15.69	\$ 13.18
Net Asset Value	15.27	15.73	(2.92)	15.90	15.05

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

### Overview of the Fund's Total Investments\*

#### SECTOR ALLOCATION

Sector	07/31/18	07/31/17
County/City/Special District/School District	32%	36%
Health	17	16
Transportation	16	15
Utilities	15	17
Education	14	10
State	4	5
Tobacco	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>(b)</sup>**

Calendar Year Ended December 31,	
2018	3%
2019	15
2020	8
2021	11
2022	1

<sup>(b)</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>(a)</sup>**

<i>Credit Rating</i>	<i>07/31/18</i>	<i>07/31/17</i>
AAA/Aaa	9%	7%
AA/Aa	72	80
A	13	11
BBB/Baa	3	1
N/R	3	1

<sup>(a)</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.

Fund Summary as of July 31, 2018

**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, 2018 (\$11.89) <sup>(a)</sup>	4.29%
Tax Equivalent Yield <sup>(b)</sup>	8.52%
Current Monthly Distribution per Common Share <sup>(c)</sup>	\$0.0425
Current Annualized Distribution per Common Share <sup>(c)</sup>	\$0.5100
Economic Leverage as of July 31, 2018 <sup>(d)</sup>	40%

<sup>(a)</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>(b)</sup> Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 49.62%, 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>(c)</sup> The distribution rate is not constant and is subject to change.

<sup>(d)</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, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>NAV</i>
MYN <sup>(a)(b)</sup>	(6.00)%	1.07%
Lipper New York Municipal Debt Funds <sup>(c)</sup>	(5.96)	0.65

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

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

Past performance is not indicative of future results.

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

The U.S. municipal bond market posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 due to a spike in U.S. Treasury yields, the market was supported by the improving fundamentals of state and local issuers, as well as low new-issue supply from January onward. Short-term bonds, which have above-average sensitivity to Fed policy, generally lagged longer-term issues.

New York municipal bonds underperformed the national market. New issuance in the state was relatively robust compared to the nation as a whole, which contributed to the weaker performance. Unfortunately, much of the new issuance was concentrated in several large issuers in which the Fund already had positions, thereby limiting the opportunity set. New York's overall economic trends continued to improve, albeit at a rate slightly below that national level. However, the state continued to enjoy a broad and diverse economic base. One area of potential concern was the capping of deductibility of state and local taxes due to recently enacted federal tax-reform policies, which may reduce New York's ability to raise taxes in the future.

Given that bond prices declined somewhat, the Fund's return was primarily derived from income. The Fund's use of leverage, while amplifying the impact of weak price performance, provided additional income and was therefore a net contributor. However, the cost of leverage increased due to rising short-term interest rates.

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

Investments in lower-rated bonds (those rated A and below), which outpaced higher-quality issues, contributed positively. From a sector perspective, the Fund's allocation to transportation issues made the largest contribution. 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.



Fund Summary as of July 31, 2018 (continued)

BlackRock MuniYield New York Quality Fund, Inc.

**Market Price and Net Asset Value Per Share Summary**

	<i>07/31/18</i>	<i>07/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 11.89	\$ 13.26	(10.33)%	\$ 13.42	\$ 11.79
Net Asset Value	13.74	14.25	(3.58)	14.40	13.58

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Total Investments\*****SECTOR ALLOCATION**

<i>Sector</i>	<i>07/31/18</i>	<i>07/31/17</i>
Transportation	25%	25%
Education	18	18
State	17	13
County/City/Special District/School District	15	18
Utilities	14	14
Health	6	6
Corporate	2	3
Housing	2	1
Tobacco	1	2

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

**CALL/MATURITY SCHEDULE <sup>(c)</sup>**

Calendar Year Ended December 31,	
2018	5%
2019	4
2020	6
2021	16
2022	8

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

**CREDIT QUALITY ALLOCATION** <sup>(a)</sup>

<i>Credit Rating</i>	<i>07/31/18</i>	<i>07/31/17</i>
AAA/Aaa	20%	20%
AA/Aa	48	55
A	23	19
BBB/Baa	5	5
N/R <sup>(b)</sup>	4	1

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

(b) The investment adviser evaluates the credit quality of 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, 2018 and July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade represents 1% and 1%, respectively, of the Fund's total investments.



Fund Summary as of July 31, 2018

**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, 2018 (\$12.46) <sup>(a)</sup>	4.86%
Tax Equivalent Yield <sup>(b)</sup>	8.21%
Current Monthly Distribution per Common Share <sup>(c)</sup>	\$0.0505
Current Annualized Distribution per Common Share <sup>(c)</sup>	\$0.6060
Economic Leverage as of July 31, 2018 <sup>(d)</sup>	39%

<sup>(a)</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>(b)</sup> Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 40.80%, 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>(c)</sup> The distribution rate is not constant and is subject to change.

<sup>(d)</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, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>NAV</i>
MYI <sup>(a)(b)</sup>	(10.18)%	2.02%
Lipper General & Insured Municipal Debt Funds (Leveraged) <sup>(c)</sup>	(4.84)	1.88

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

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

Past performance is not indicative of future results.

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

The U.S. municipal bond market posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 due to a spike in U.S. Treasury yields, the market was supported by the improving fundamentals of state and local issuers, as well as low new-issue supply from January onward. Short-term bonds, which have above-average sensitivity to Fed policy, generally lagged longer-term issues.

Given that bond prices declined somewhat, the Fund's return was primarily derived from income. The Fund's use of leverage, while amplifying the impact of weak price performance, provided additional income and was therefore a net contributor. However, the cost of leverage increased due to rising short-term interest rates.

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

Investments in lower-rated bonds (those rated A and below), which outperformed higher-quality issues, contributed positively. From a sector perspective, the Fund's allocation to transportation and state tax-backed debt was beneficial, while its holdings in the school district 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.

Fund Summary as of July 31, 2018 (continued)

BlackRock MuniYield Quality Fund III, Inc.

**Market Price and Net Asset Value Per Share Summary**

	<i>07/31/18</i>	<i>07/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 12.46	\$ 14.66	(15.01)%	\$ 14.86	\$ 12.36
Net Asset Value	13.98	14.48	(3.45)	14.66	13.81

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Fund's Total Investments\*****SECTOR ALLOCATION**

<i>Sector</i>	<i>07/31/18</i>	<i>07/31/17</i>
Transportation	28%	27%
State	19	18
Health	16	13
Utilities	14	14
Education	10	9
County/City/Special District/School District	8	15
Corporate	3	2
Tobacco	1	1
Housing	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>(c)</sup>**

Calendar Year Ended December 31,	
2018	7%
2019	11
2020	2
2021	9
2022	5

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

**CREDIT QUALITY ALLOCATION** <sup>(a)</sup>

<i>Credit Rating</i>	<i>07/31/18</i>	<i>07/31/17</i>
AAA/Aaa	6%	11%
AA/Aa	49	54
A	25	21
BBB/Baa	16	12
N/R <sup>(b)</sup>	4	2

- (a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.
- (b) The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of July 31, 2018 and July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade represents 1% and 1%, respectively, of the Fund's total investments.

## Schedule of Investments

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Municipal Bonds 130.5%</b>		
<b>Alabama 2.1%</b>		
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 06/01/19 <sup>(a)</sup>	\$ 5,225	\$ 5,418,220
City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35	940	1,032,769
		6,450,989
<b>California 20.6%</b>		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18 <sup>(a)</sup>	5,050	5,083,532
California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 08/15/20 <sup>(a)</sup>	2,865	3,124,999
City & County of San Francisco California Airports Commission, ARB, Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 01/01/20	465	466,628
City & County of San Francisco California Airports Commission, Refunding ARB, AMT, Series A:		
2nd, 5.50%, 05/01/28	1,800	2,055,834
2nd, 5.25%, 05/01/33	1,410	1,575,802
5.00%, 05/01/44	1,860	2,048,771
City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, Series A-1, AMT, 5.50%, 03/01/30	4,045	4,375,881
City of Sunnyvale California Revenue, Refunding RB, 5.25%, 04/01/20 <sup>(a)</sup>	2,800	2,976,148
County of Riverside Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/40	4,500	5,215,230
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 08/01/21 <sup>(a)</sup>	1,875	2,087,006
Kern Community College District, GO, Safety, Repair & Improvement, Series C, 5.50%, 11/01/33	2,445	2,853,266
Los Angeles Community College District California, GO, Election of 2008, Series C, 5.25%, 08/01/20 <sup>(a)</sup>	2,000	2,148,660
Oceanside Unified School District, GO, Series A (AGC), 5.25%, 08/01/33	1,675	1,680,142
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 08/01/21 <sup>(a)</sup>	2,670	2,976,035
Regents of the University of California Medical Center Pooled Revenue, Refunding RB, Series J:		
5.25%, 05/15/23 <sup>(a)</sup>	5,905	6,855,646
5.25%, 05/15/38	1,675	1,886,335
State of California Public Works Board, LRB, Various Capital Projects, Series I:		
5.50%, 11/01/30	5,000	5,781,050
5.50%, 11/01/31	3,130	3,617,279
5.50%, 11/01/33	3,000	3,463,830
State of California Public Works Board, RB, Department of Corrections & Rehabilitation, Series F, 5.25%, 09/01/33	1,260	1,434,006

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 08/01/40	940	1,091,039
		62,797,119
<b>Colorado 2.1%</b>		
City & County of Denver Colorado Airport System Revenue, ARB, Series A, AMT:		
5.50%, 11/15/28	1,500	1,718,280
5.50%, 11/15/30	565	645,411
5.50%, 11/15/31	675	769,993
Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 05/15/19 <sup>(a)</sup>	3,300	3,416,061
		6,549,745
	<i>Par</i>	<i>Value</i>
	<i>(000)</i>	
<i>Security</i>		
<b>Connecticut 1.0%</b>		
State of Connecticut, GO, Series A, 5.00%, 04/15/38	\$ 1,690	\$ 1,857,513
State of Connecticut Health & Educational Facility Authority, Refunding RB, Sacred Heart University Issue, Series I-1, 5.00%, 07/01/42	1,015	1,133,166
		2,990,679
<b>Florida 20.7%</b>		
City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33	405	458,416
County of Broward Florida Airport System Revenue, ARB, Series A, AMT:		
5.13%, 10/01/38	5,665	6,250,931
5.00%, 10/01/45	1,440	1,587,254
County of Hillsborough Florida Aviation Authority, Refunding ARB, Tampa International Airport, Series A, AMT, 5.50%, 10/01/29	2,995	3,376,563
County of Lee Florida HFA, RB, S/F Housing, Multi-County Program, Series A-2, AMT (Ginnie Mae, Fannie Mae & Freddie Mac), 6.00%, 09/01/40	215	216,352
County of Lee Florida Revenue, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	2,500	2,703,525
County of Miami-Dade Florida, RB, Seaport Department:		
Series A, 5.38%, 10/01/33	1,765	1,974,823
Series A, 5.50%, 10/01/42	3,000	3,347,070
Series B, AMT, 6.25%, 10/01/38	800	924,728
Series B, AMT, 6.00%, 10/01/42	1,060	1,207,764
County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29	3,130	3,547,699
County of Miami-Dade Florida Aviation Revenue, Refunding ARB, AMT:		
Miami International Airport (AGM), 5.25%, 10/01/18 <sup>(a)</sup>	4,510	4,537,827
Miami International Airport (AGM), 5.25%, 10/01/41	100	100,550
Miami International Airport, Series A (AGM), 5.50%, 10/01/18 <sup>(a)</sup>	4,180	4,207,504
Series A, 5.00%, 10/01/31	5,155	5,612,455
Series A, 5.00%, 10/01/32	5,000	5,439,600
County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 08/01/19 <sup>(a)</sup>	7,600	7,899,744
Reedy Creek Florida Improvement District, GO, Series A, 5.25%, 06/01/32	1,805	2,050,606
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/21 <sup>(a)</sup>	6,965	7,689,290
		63,132,701
<b>Hawaii 1.7%</b>		
State of Hawaii Airports System Revenue, ARB, Series A, AMT, 5.00%, 07/01/45	2,805	3,112,204

State of Hawaii Airports System Revenue, COP, AMT:

5.25%, 08/01/25	740	827,290
5.25%, 08/01/26	1,205	1,340,599
		5,280,093

**Illinois 15.3%**

City of Chicago Illinois Midway International Airport, Refunding GARB, 2nd Lien, Series A, AMT:

5.00%, 01/01/41	1,140	1,231,815
5.50%, 01/01/28	1,000	1,115,750
5.50%, 01/01/29	1,500	1,670,310
5.38%, 01/01/33	2,000	2,209,760

City of Chicago Illinois O Hare International Airport, GARB:

3rd Lien, Series A, 5.75%, 01/01/21 <sup>(a)</sup>	1,680	1,835,198
3rd Lien, Series A, 5.75%, 01/01/39	320	346,557
3rd Lien, Series C, 6.50%, 01/01/21 <sup>(a)</sup>	9,085	10,084,441
Senior Lien, Series D, AMT, 5.00%, 01/01/42	735	801,856

Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Illinois (continued)</b>		
City of Chicago Illinois Transit Authority, RB:		
Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 12/01/18 <sup>(a)</sup>	\$ 3,400	\$ 3,451,748
Sales Tax Receipts, 5.25%, 12/01/36	2,940	3,139,391
Sales Tax Receipts, 5.25%, 12/01/40	1,500	1,599,765
City of Chicago Illinois Wastewater Transmission, RB, 2nd Lien, 5.00%, 01/01/42	2,985	3,140,578
County of Cook Illinois Community College District No. 508, GO, City College of Chicago:		
5.25%, 12/01/30	1,270	1,341,717
5.50%, 12/01/38	1,205	1,271,986
5.25%, 12/01/43	2,960	3,079,643
Illinois Finance Authority, Refunding RB, Presence Health Network, Series C,		
5.00%, 02/15/41	975	1,101,292
Railsplitter Tobacco Settlement Authority, RB <sup>(a)</sup> :		
5.50%, 06/01/21	2,350	2,586,786
6.00%, 06/01/21	670	746,708
State of Illinois, GO:		
5.25%, 02/01/31	1,495	1,585,642
5.25%, 02/01/32	2,320	2,452,472
5.50%, 07/01/33	1,000	1,060,330
5.50%, 07/01/38	700	736,827
		46,590,572
<b>Indiana 0.9%</b>		
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project,		
Series A (AGC):		
5.50%, 01/01/19 <sup>(a)</sup>	465	472,970
5.50%, 01/01/38	1,905	1,935,804
State of Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series		
A, AMT, 5.00%, 07/01/40	460	491,105
		2,899,879
<b>Louisiana 1.5%</b>		
Lake Charles Louisiana Harbor & Terminal District, RB, Series B, AMT (AGM),		
5.50%, 01/01/29	2,225	2,503,370
Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A,		
5.50%, 05/15/29	2,020	2,091,609
		4,594,979
<b>Maryland 2.7%</b>		
County of Howard Maryland Housing Commission, RB, M/F Housing, Woodfield Oxford		
Square Apartments, 5.00%, 12/01/42	2,450	2,725,846
Maryland Stadium Authority, RB, Construction and Revitalization Program,		
5.00%, 05/01/34	4,780	5,551,874



			8,277,720
<b>Massachusetts 1.1%</b>			
Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A:			
5.00%, 01/01/47	420	457,569	
5.25%, 01/01/42	940	1,044,490	
Massachusetts Development Finance Agency, Refunding RB, Emerson College, Series A,			
5.00%, 01/01/40	1,025	1,131,795	
Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42	595	602,313	
			3,236,167
<b>Michigan 1.2%</b>			
Hudsonville Michigan Public Schools, GO, School Building & Site (Q-SBLF),			
5.25%, 05/01/21 <sup>(a)</sup>	3,420	3,738,641	
<b>Minnesota 1.0%</b>			
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC):			
6.50%, 11/15/18 <sup>(a)</sup>	305	309,532	
6.50%, 11/15/38	1,670	1,694,516	
	<i>Par</i>		
<i>Security</i>	<i>(000)</i>		<i>Value</i>
<b>Minnesota (continued)</b>			
County of St. Paul Minnesota Housing & Redevelopment Authority, Refunding RB,			
Fairview Health Services, Series A, 4.00%, 11/15/43	\$ 985	\$ 1,007,222	
			3,011,270
<b>Mississippi 1.3%</b>			
Mississippi Development Bank, RB, Jackson Water & Sewer System Project (AGM),			
6.88%, 12/01/40	2,225	2,688,111	
Mississippi State University Educational Building Corp., Refunding RB, Mississippi State			
University Improvement Project, 5.25%, 08/01/23 <sup>(a)</sup>	1,000	1,153,310	
			3,841,421
<b>Montana 0.3%</b>			
Montana State Board of Housing, RB, S/F, Series B-2:			
3.38%, 12/01/37	420	411,499	
3.50%, 12/01/42	185	182,602	
3.60%, 12/01/47	280	275,991	
			870,092
<b>Nevada 2.3%</b>			
City of Carson City Nevada, Refunding RB, Carson Tahoe Regional Healthcare Project,			
5.00%, 09/01/42	580	635,814	
County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A			
(AGM), 5.25%, 07/01/39	3,210	3,365,717	
County of Clark Nevada, GO, Stadium Improvement, Series A, 5.00%, 06/01/36	2,065	2,404,713	
County of Clark Nevada, GOL, Stadium Improvement, Series A, 5.00%, 06/01/37	500	580,870	
			6,987,114
<b>New Jersey 7.4%</b>			
New Jersey EDA, RB:			

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Goethals Bridge Replacement Project, AMT, Private Activity Bond, 5.38%, 01/01/43	1,940	2,120,925
(AGM), 5.00%, 01/01/31	1,355	1,496,584
State Government Buildings Project, Series A, 5.00%, 06/15/47	2,500	2,693,650
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 07/01/38	3,400	3,519,442
New Jersey Housing & Mortgage Finance Agency, Refunding RB, S/F Housing, Series BB, AMT, 3.80%, 10/01/32	2,455	2,444,247
New Jersey Transportation Trust Fund Authority, RB, Transportation System: Series A (AGC), 5.63%, 12/15/28	2,930	2,970,756
Series AA, 5.50%, 06/15/39	3,040	3,263,440
Tobacco Settlement Financing Corp., Refunding RB: Series A, 5.25%, 06/01/46	2,055	2,301,004
Sub-Series B, 5.00%, 06/01/46	1,545	1,655,189
		22,465,237
<b>New York 9.5%</b>		
City of New York New York, GO, Sub-Series F-1, 5.00%, 04/01/36	3,590	4,162,210
City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series EE, 5.38%, 06/15/43	2,220	2,397,866
City of New York New York Water & Sewer System, Refunding RB, 2nd General Resolution, Fiscal 2009, Series EE, 5.25%, 06/15/40	6,930	7,141,920
Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012: 5.75%, 02/15/21 <sup>(a)</sup>	580	638,064
5.75%, 02/15/47	360	391,723
Metropolitan Transportation Authority, RB: Series A, 5.25%, 11/15/21 <sup>(a)</sup>	8,500	9,451,575
Series A-1, 5.25%, 11/15/39	1,550	1,743,425

SCHEDULES OF INVESTMENTS

15

## Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>New York (continued)</b>		
Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series, 5.25%, 07/15/36	\$ 2,000	\$ 2,156,300
TSASC, Inc., Refunding RB, Series A, 5.00%, 06/01/41	895	965,821
		29,048,904
<b>Ohio 0.9%</b>		
State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1, 5.25%, 02/15/31	2,500	2,795,350
<b>Oklahoma 0.5%</b>		
Oklahoma Development Finance Authority, RB, Provident Oklahoma Education Resources, Inc., Cross Village Student Housing Project, Series A, 5.25%, 08/01/57	1,640	1,607,774
<b>Pennsylvania 7.6%</b>		
Altoona Area School District, GOL (BAM), 5.00%, 12/01/36	185	206,726
County of Delaware Springfield School District, GO: 5.00%, 03/01/40	1,485	1,702,701
5.00%, 03/01/43	1,100	1,258,334
County of Montgomery Higher Education & Health Authority, Refunding RB, Thomas Jefferson University, Series A, 5.00%, 09/01/48	1,690	1,876,407
County of Westmoreland Pennsylvania Municipal Authority, Refunding RB, (BAM), 5.00%, 08/15/36	2,215	2,510,813
Pennsylvania Housing Finance Agency, RB, S/F, Series 125B, 3.65%, 10/01/42	3,000	2,976,060
Pennsylvania Turnpike Commission, RB, Sub-Series B-1, 5.25%, 06/01/47	500	559,100
Swarthmore Borough Authority, RB, Swarthmore College: 5.00%, 09/15/45	1,500	1,747,290
5.00%, 09/15/47	1,600	1,860,752
5.00%, 09/15/48	3,225	3,747,547
5.00%, 09/15/43	750	875,070
Township of Bristol Pennsylvania School District, GO: 5.25%, 06/01/37	2,500	2,766,500
5.25%, 06/01/43	1,100	1,212,046
		23,299,346
<b>South Carolina 6.0%</b>		
County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38	3,760	4,303,207
County of Charleston South Carolina Airport District, ARB, Series A, AMT: 6.00%, 07/01/38	2,940	3,335,783
5.50%, 07/01/41	2,500	2,776,275
State of South Carolina Ports Authority, RB, AMT, 5.25%, 07/01/50	1,870	2,077,850
State of South Carolina Public Service Authority, RB, Series E, 5.50%, 12/01/53	1,000	1,082,280
State of South Carolina Public Service Authority, Refunding RB:		

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Series C, 5.00%, 12/01/46	1,000	1,062,280
Series E, 5.25%, 12/01/55	3,500	3,784,655
		18,422,330
<b>Tennessee 1.1%</b>		
Metropolitan Nashville Airport Authority, ARB, Series B, AMT, 5.00%, 07/01/40	3,000	3,332,490
<b>Texas 11.7%</b>		
City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 03/01/37	2,345	2,613,807
City of Houston Texas Airport System Revenue, Refunding ARB, Series D, 5.00%, 07/01/37 <sup>(b)</sup>	2,010	2,307,862
City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien, Series A (AGC):		
6.00%, 05/15/19 <sup>(a)</sup>	6,345	6,565,616
6.00%, 11/15/35	355	367,457
	<i>Par</i>	
	<i>(000)</i>	<i>Value</i>
<i>Security</i>		
<b>Texas (continued)</b>		
County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC):		
6.50%, 01/01/19 <sup>(a)</sup>	\$ 620	\$ 633,175
6.50%, 07/01/37	2,380	2,426,767
Dallas Texas Area Rapid Transit, Refunding RB, Senior Lien <sup>(a)</sup> :		
5.25%, 12/01/18	2,605	2,638,683
5.25%, 12/01/18	1,950	1,975,213
Dallas-Fort Worth Texas International Airport, ARB, Joint Improvement, AMT:		
Series A, 5.00%, 11/01/38	1,615	1,709,913
Series H, 5.00%, 11/01/37	1,810	1,942,021
Lower Colorado River Authority, Refunding RB, 5.50%, 05/15/33	2,155	2,451,097
North Texas Tollway Authority, RB, Special Projects, Series A, 5.50%, 09/01/21 <sup>(a)</sup>	5,480	6,058,798
North Texas Tollway Authority, Refunding RB:		
1st Tier System, Series K-2 (AGC), 6.00%, 01/01/19 <sup>(a)</sup>	1,000	1,019,190
1st Tier-Series A, 5.00%, 01/01/43	1,515	1,714,056
Red River Texas Education Financing Corp., RB, Texas Christian University Project, 5.25%, 03/15/38	1,070	1,193,136
		35,616,791
<b>Vermont 0.9%</b>		
University of Vermont & State Agricultural College, Refunding RB, 5.00%, 10/01/43	2,535	2,869,012
<b>Virginia 2.5%</b>		
City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 01/01/43	945	1,026,676
State of Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 <sup>(a)</sup>	2,195	2,232,754
Virginia Small Business Financing Authority, RB, Transform 66 P3 Project, AMT, 5.00%, 12/31/49	4,000	4,378,840
		7,638,270
<b>Washington 6.4%</b>		
City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 02/01/21 <sup>(a)</sup>	2,400	2,605,608

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Port of Seattle Washington, ARB, Intermediate Lien, Series C, AMT:		
5.00%, 05/01/37	2,485	2,787,524
5.00%, 05/01/42	660	736,646
State of Washington, COP, Series B:		
5.00%, 07/01/36	1,000	1,159,230
5.00%, 07/01/38	1,155	1,330,398
State of Washington, GO:		
Series C, 5.00%, 02/01/36	7,565	8,773,433
Various Purposes, Series B, 5.25%, 02/01/21 <sup>(a)</sup>	1,865	2,024,775
		19,417,614
<b>Wyoming 0.2%</b>		
State of Wyoming Municipal Power Agency, Inc., Refunding RB, Series A (BAM),		
5.00%, 01/01/42	570	636,234
<b>Total Municipal Bonds 130.5%</b>		
<b>(Cost \$377,820,325)</b>		398,398,533
<b>Municipal Bonds Transferred to Tender Option Bond Trusts<sup>(c)</sup></b>		
<b>California 2.8%</b>		
Sacramento Area Flood Control Agency, Refunding, Consolidated Capital Assessment		
District No. 2 Bonds, 5.00%, 10/01/47	7,499	8,518,262

## Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Connecticut 1.1%</b>		
State of Connecticut Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45	\$ 3,061	\$ 3,417,691
<b>District of Columbia 0.6%</b>		
District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/18 <sup>(a)(d)</sup>	1,699	1,711,485
<b>Illinois 4.3%</b>		
City of Chicago Illinois Waterworks Revenue, Refunding RB, Water Revenue Project (AGM), 2nd Lien:		
2017, 5.25%, 11/01/18 <sup>(a)</sup>	2,628	2,650,427
2017, 5.25%, 11/01/33	763	769,186
5.25%, 11/01/18 <sup>(a)</sup>	576	580,730
State of Illinois Toll Highway Authority, RB:		
Series A, 5.00%, 01/01/40	1,980	2,190,374
Series B, 5.00%, 01/01/40	6,148	6,832,685
		13,023,402
<b>Maryland 0.9%</b>		
City of Baltimore Maryland, RB, Wastewater Project, Series A, 5.00%, 07/01/46	2,499	2,829,157
<b>Nevada 2.8%</b>		
County of Clark Nevada Water Reclamation District, GO, Series B, 5.50%, 07/01/19 <sup>(a)</sup>	8,247	8,546,376
<b>New Jersey 1.6%</b>		
New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,399	3,441,551
New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 06/15/36 <sup>(d)</sup>	1,500	1,564,284
		5,005,835
<b>New York 7.2%</b>		
City of New York Municipal Water Finance Authority, Refunding RB, Series FF, 5.00%, 06/15/45	5,958	6,485,520
City of New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 01/15/39	2,300	2,336,581
New York Liberty Development Corp., ARB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43	7,515	8,227,437
New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 <sup>(d)</sup>	4,400	4,888,596
		21,938,134

<b>Pennsylvania 1.9%</b>		
Commonwealth of Pennsylvania, GO, 1st Series, 4.00%, 03/01/38 <sup>(d)</sup>	3,600	3,673,224
County of Westmoreland Pennsylvania Municipal Authority, Refunding RB, (BAM), 5.00%, 08/15/38	1,963	2,185,682
		5,858,906
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<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	\$ 4,667,317
<b>Utah 0.9%</b>		
City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 08/15/19 <sup>(a)</sup>	2,504	2,592,522
<b>Virginia 1.4%</b>		
County of Fairfax Virginia EDA, RB, Metrorail Parking System Project, 5.00%, 04/01/47 <sup>(d)</sup>	3,720	4,228,189
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 27.0%</b>		
<b>(Cost \$80,086,559)</b>		82,337,276
<b>Total Long-Term Investments 157.5%</b>		
<b>(Cost \$457,906,884)</b>		480,735,809
	<i>Shares</i>	
<b>Short-Term Securities 0.9%</b>		
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.85% <sup>(e)(f)</sup>	2,901,453	2,902,034
<b>Total Short-Term Securities 0.9%</b>		
<b>(Cost \$2,901,745)</b>		2,902,034
<b>Total Investments 158.4%</b>		
<b>(Cost \$460,808,629)</b>		483,637,843
<b>Other Assets Less Liabilities 0.4%</b>		1,299,747
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (15.9)%</b>		(48,670,550)
<b>VMTP Shares at Liquidation Value (42.9)%</b>		(131,000,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 305,267,040

(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 expires between October 1, 2018 to March 1,

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

2026, is \$8,657,458. See Note 4 of the Notes to Financial Statements for details.

- (e) Annualized 7-day yield as of period end.
- (f) During the year ended July 31, 2018, 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:

<i>Affiliate</i>	<i>Shares Held at 07/31/17</i>	<i>Net Activity</i>	<i>Shares Held at 07/31/18</i>	<i>Value at 07/31/18</i>	<i>Income</i>	<i>Realized Gain (Loss)</i>	<i>Change in Net Unrealized Appreciation (Depreciation)</i>
BlackRock Liquidity Funds, MuniCash, Institutional Class	327,393	2,574,060	2,901,453	\$ 2,902,034	\$ 26,455	\$ 2,754	\$ 289

(a) Includes net capital gain distributions, if applicable.



Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)

July 31, 2018

**Derivative Financial Instruments Outstanding as of Period End****Futures Contracts**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value/ Unrealized Appreciation (Depreciation)</i>
Short Contracts:				
10-Year U.S. Treasury Note	33	09/19/18	\$ 3,941	\$ 28,302
Long U.S. Treasury Bond	48	09/19/18	6,863	29,899
5-Year U.S. Treasury Note	35	09/28/18	3,959	16,253
				\$ 74,454

**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:

<b>Assets</b>	<b>Derivative Financial Instruments</b>	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
	Futures contracts							
	Net unrealized appreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 74,454	\$	\$ 74,454

<sup>(a)</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, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
--------------------------------	-----------------------------	-----------------------------	--------------------------------------------------------	----------------------------------------	----------------------------	--------------

*Contracts***Net Realized Gain (Loss)****from:**

Futures contracts	\$	\$	\$	\$	\$ 1,205,493	\$	\$ 1,205,493
-------------------	----	----	----	----	--------------	----	--------------

**Net Change in Unrealized  
Appreciation (Depreciation)****on:**

Futures contracts	\$	\$	\$	\$	\$ 95,462	\$	\$ 95,462
-------------------	----	----	----	----	-----------	----	-----------

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

Futures contracts:

Average notional value of contracts	short	\$ 18,286,033
-------------------------------------	-------	---------------

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments <sup>(a)</sup>	\$	\$ 480,735,809	\$	\$ 480,735,809
Short-Term Securities	2,902,034			2,902,034
	\$ 2,902,034	\$ 480,735,809	\$	\$ 483,637,843
Derivative Financial Instruments <sup>(b)</sup>				
Assets:				
Interest rate contracts	\$ 74,454	\$	\$	\$ 74,454

(a) See above Schedule of Investments for values in each state or political subdivision.

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



Schedule of Investments (continued)

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

July 31, 2018

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities:				
TOB Trust Certificates	\$	\$ (48,546,402)	\$	\$ (48,546,402)
VMTP Shares at Liquidation Value		(131,000,000)		(131,000,000)
	\$	\$ (179,546,402)	\$	\$ (179,546,402)

During the year ended July 31, 2018, there were no transfers between levels.

*See notes to financial statements.*

SCHEDULES OF INVESTMENTS

19

## Schedule of Investments

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Municipal Bonds 90.8%</b>		
<b>California 90.8%</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	\$ 4,298,920
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 02/15/34	2,435	2,517,814
		6,816,734
<b>County/City/Special District/School District 29.6%</b>		
Chaffey Joint Union High School District, GO, CAB, Election of 2012, Series C <sup>(a)</sup> :		
0.00%, 08/01/32	250	150,710
0.00%, 08/01/33	500	286,480
0.00%, 08/01/34	505	275,801
0.00%, 08/01/35	545	283,852
0.00%, 08/01/36	500	248,125
0.00%, 08/01/37	650	307,359
0.00%, 08/01/38	630	284,193
0.00%, 08/01/39	750	322,965
0.00%, 08/01/40	1,850	761,183
0.00%, 08/01/41	305	120,085
0.00%, 02/01/42	350	134,575
City & County of San Francisco California, COP, Port Facilities Project, Series C, AMT, 5.25%, 03/01/32	1,050	1,166,529
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 02/01/19 <sup>(b)</sup>	2,000	2,047,340
County of Orange California Sanitation District, COP, Series A, 5.00%, 02/01/19 <sup>(b)</sup>	2,500	2,547,450
County of Orange California Water District, COP, Refunding, 5.25%, 08/15/19 <sup>(b)</sup>	9,045	9,410,508
County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 03/01/21 <sup>(b)</sup>	2,755	3,062,430
El Monte City School District, GO, Los Angeles Country, California Series B, 5.50%, 08/01/46	4,265	5,091,728
Fowler Unified School District, GO, Election of 2016, Series A (BAM), 5.25%, 08/01/46	3,700	4,323,598
Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 08/01/37	2,725	3,102,440
Gavilan Joint Community College District, GO, Election of 2004, Series D <sup>(b)</sup> :		
5.50%, 08/01/21	2,165	2,413,152
5.75%, 08/01/21	8,400	9,424,044
Grossmont California Healthcare District, GO, Election of 2006, Series B, 6.13%, 07/15/21 <sup>(b)</sup>	2,500	2,823,425
Grossmont California Union High School District, GO, Election of 2008, Series C, 5.50%, 08/01/21 <sup>(b)</sup>	1,880	2,095,486
Imperial Irrigation District, Series A, Electric System Revenue, 5.13%, 11/01/18 <sup>(b)</sup>	915	923,839
Kern Community College District, GO, Safety Repair & Improvements, Series C, 5.25%, 11/01/32	5,715	6,614,084

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Los Angeles Municipal Improvement Corp., Refunding LRB, Real Property, Series B (AGC), 5.50%, 04/01/19 <sup>(b)</sup>	2,075	2,133,639
Mount San Antonio Community College District, GO, Refunding, Election of 2008, Series A, 5.00%, 08/01/34	4,500	5,090,895
Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 08/01/21 <sup>(b)</sup>	8,140	9,013,666
Orchard School District, GO, Election of 2001, Series A (AGC), 5.00%, 08/01/19 <sup>(b)</sup>	7,490	7,759,116
Perris Union High School District, GO, Election of 2012, Series B (BAM), 5.25%, 09/01/39	2,715	3,122,549
Riverside County Public Financing Authority, Tax Allocation Bonds, Series A (BAM), 4.00%, 10/01/40	2,455	2,517,455
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>County/City/Special District/School District (continued)</b>		
RNR School Financing Authority, Special Tax Bonds, Community Facilities Distric No. 92-1, Series A (BAM):		
5.00%, 09/01/37	\$ 1,500	\$ 1,697,715
5.00%, 09/01/41	3,000	3,377,190
San Benito High School District, GO, Election of 2016, 4.00%, 08/01/48 <sup>(c)</sup>	5,000	5,128,350
San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A:		
5.75%, 05/01/36	2,570	2,578,070
5.75%, 05/01/42	4,500	4,928,490
San Jose California Financing Authority, Refunding LRB, Civic Center Project, Series A:		
5.00%, 06/01/32	3,375	3,789,247
5.00%, 06/01/39	5,800	6,461,316
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 08/01/20 <sup>(b)</sup>	6,475	6,924,559
San Leandro California Unified School District, GO, Election of 2010, Series A, 5.75%, 08/01/41	3,000	3,321,090
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 09/01/19 <sup>(b)</sup>	5,600	5,862,752
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 08/01/21 <sup>(b)</sup>	7,680	8,616,269
Washington Township Health Care District, GO, Election of 2004, Series B, 5.50%, 08/01/38	1,625	1,891,012
West Contra Costa California Unified School District, GO: Election of 2010, Series A (AGM), 5.25%, 08/01/21 <sup>(b)</sup>	6,140	6,799,006
Election of 2010, Series B, 5.50%, 08/01/39	3,000	3,449,220
Election of 2012, Series A, 5.50%, 08/01/39	2,500	2,874,350
		155,557,337
<b>Education 8.0%</b>		
California Municipal Finance Authority, RB, Emerson College, 6.00%, 01/01/22 <sup>(b)</sup>	2,750	3,140,555
California Municipal Finance Authority, Refunding RB, University of La Verne, Series A, 5.00%, 06/01/36	1,150	1,302,421
California School Finance Authority, RB, Alliance for College-Ready Public Schools Projects, Series A, 5.00%, 07/01/36 <sup>(d)</sup>	755	812,463
California School Finance Authority, Refunding RB, Aspire Public Schools Obligated Group, 5.00%, 08/01/46 <sup>(d)</sup>	1,250	1,333,488
California State University, Refunding RB, System Wide, Series A, 5.00%, 11/01/50 <sup>(c)</sup>	12,635	14,655,968
California Statewide Communities Development Authority, RB, University of California, Irvine East Campus, Series A, 5.00%, 05/15/37	4,635	5,220,215
California Statewide Communities Development Authority, Refunding RB:		

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

CHF-Irvine LLC, 5.00%, 05/15/33	2,625	2,946,326
CHF-Irvine LLC, 5.00%, 05/15/40	2,250	2,497,590
University of California, RB, 5.25%, 05/15/36	3,680	4,239,029
University of California, Refunding RB, General, Series AZ, 5.25%, 05/15/58	5,000	5,882,750
		42,030,805

**Health 11.9%**

California Health Facilities Financing Authority, RB:		
Children s Hospital, Series A, 5.25%, 11/01/41	10,000	11,023,200
Providence Health Services, Series B, 5.50%, 10/01/39	4,205	4,391,744
Sutter Health, Series B, 6.00%, 08/15/20 <sup>(b)</sup>	7,715	8,415,136
California Health Facilities Financing Authority, Refunding RB, Series A:		
Adventist Health System West, 4.00%, 03/01/43	855	871,835
Catholic Healthcare West, 6.00%, 07/01/19 <sup>(b)</sup>	5,500	5,734,025
Dignity Health, 6.00%, 07/01/19 <sup>(b)</sup>	2,370	2,470,844

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Health (continued)</b>		
California Municipal Finance Authority, Refunding RB, Community Medical Centers, Series A, 5.00%, 02/01/42	\$ 4,000	\$ 4,428,440
California Statewide Communities Development Authority, RB: Green Bond, Marin General Hospital, 4.00%, 08/01/45	2,500	2,540,775
Viamonte Senior Living 1 Project Inc., Series S, 4.00%, 07/01/47	1,585	1,628,096
California Statewide Communities Development Authority, RB: Huntington Memorial Hospital Project, 4.00%, 07/01/48	1,780	1,803,247
Sutter Health, Series A, 6.00%, 08/15/20 <sup>(b)</sup>	5,130	5,590,110
California Statewide Communities Development Authority, Refunding RB: Front Porch Communities and Services, 4.00%, 04/01/42	2,595	2,632,913
Front Porch Communities and Services, 4.00%, 04/01/47	4,820	4,865,549
John Muir Health, Series A, 4.00%, 12/01/57	3,250	3,271,158
Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41	2,860	3,143,769
		62,810,841
<b>State 6.5%</b>		
State of California, GO: Various Purposes, 6.00%, 04/01/19 <sup>(b)</sup>	4,910	5,064,960
6.00%, 04/01/38	8,970	9,228,784
6.00%, 03/01/33	5,500	5,878,785
6.00%, 11/01/39	3,510	3,699,856
State of California Public Works Board, LRB: Department of Education, Riverside Campus Project, Series B, 6.50%, 04/01/19 <sup>(b)</sup>	3,670	3,797,900
Various Capital Projects, Series I, 5.50%, 11/01/33	2,575	2,973,121
Various Capital Projects, Sub-Series I-1, 6.13%, 11/01/19 <sup>(b)</sup>	3,365	3,563,400
		34,206,806
<b>Tobacco 2.2%</b>		
Golden State Tobacco Securitization Corp., Refunding RB, Series A-1: 5.00%, 06/01/35	6,500	7,350,980
3.50%, 06/01/36	3,255	3,272,902
San Diego Tobacco Settlement Revenue Funding Corp., Refunding RB, Sub-Series C, 4.00%, 06/01/32	840	862,672
		11,486,554
<b>Transportation 20.8%</b>		
Alameda Corridor Transportation Authority, Refunding RB, 2nd Subordinate Lien, Series B, 5.00%, 10/01/35	1,500	1,685,700
California Municipal Finance Authority, ARB, Senior Lien-Linxs APM Project, AMT: 4.00%, 12/31/47	7,500	7,486,875
5.00%, 12/31/47	6,500	7,252,700



Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

City & County of San Francisco California Airports Commission, ARB, Special Facility Lease, SFO Fuel, Series A, AMT (AGM):		
6.10%, 01/01/20	375	376,313
6.13%, 01/01/27	985	988,595
City & County of San Francisco California Airports Commission, Refunding ARB, AMT, Series A:		
2nd, 5.25%, 05/01/33	1,900	2,123,421
5.00%, 05/01/40	3,785	4,177,505
5.00%, 05/01/44	2,660	2,929,963
City & County of San Francisco California Airports Commission, Refunding RB:		
Second Series E, 6.00%, 05/01/19 <sup>(b)</sup>	745	770,993
Second Series E, 6.00%, 05/01/39	8,905	9,204,831
Series A, AMT, 5.00%, 05/01/47	7,715	8,635,631
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Transportation (continued)</b>		
City of Los Angeles California Department of Airports, ARB:		
Los Angeles International Airport, Sub-Series B, 5.00%, 05/15/40	\$ 2,500	\$ 2,637,650
Series D, AMT, 5.00%, 05/15/35	2,000	2,247,780
Series D, AMT, 5.00%, 05/15/36	1,500	1,682,895
Sub-Series A, AMT, 5.00%, 05/15/47	2,990	3,348,172
City of Los Angeles California Department of Airports, RB, Subordinate, Series C, AMT, 5.00%, 05/15/44 <sup>(c)</sup>	3,215	3,626,359
City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Senior Series A, 5.25%, 05/15/29	4,760	4,896,945
City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, AMT:		
Series A, 5.00%, 03/01/41	3,075	3,453,010
Series A, 5.00%, 03/01/47	6,770	7,564,798
Series A-1, 6.25%, 03/01/34	1,400	1,553,748
County of Sacramento California Airport System Revenue, Refunding ARB:		
Airport System Subordinate Revenue, Sub-Series B, 5.00%, 07/01/41	1,750	1,980,405
Senior Series A, 5.00%, 07/01/41	2,500	2,838,525
County of San Bernardino California Transportation Authority, RB, Series A, 5.25%, 03/01/40	4,500	5,135,715
County of San Diego California Regional Airport Authority, Refunding ARB, Series B, 5.00%, 07/01/40	6,350	6,721,856
County of San Diego Regional Airport Authority, ARB, Subordinate, Series B, AMT, 5.00%, 07/01/42	6,500	7,299,110
Los Angeles Harbor Department, RB, Series B, 5.25%, 08/01/19 <sup>(b)</sup>	2,760	2,867,392
Port of Los Angeles California Harbor Department, RB, Series B, 5.25%, 08/01/19 <sup>(b)</sup>	5,530	5,745,172
Port of Los Angeles California Harbor Department, Refunding RB, Series A, AMT, 5.00%, 08/01/44	200	223,200
		109,455,259
<b>Utilities 10.5%</b>		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 04/01/21 <sup>(b)</sup>		
	5,000	5,499,850
City of Los Angeles California Department of Water & Power, Refunding RB, Water System, Series A, 5.25%, 07/01/39		
	8,000	8,682,640

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

City of Los Angeles California Wastewater System Revenue, Refunding RB, Sub-Series A:		
5.00%, 06/01/20 <sup>(b)</sup>	1,325	1,407,653
5.00%, 06/01/28	675	714,967
City of San Francisco California Public Utilities Commission Water Revenue, RB, Sub-Series A, 5.00%, 11/01/37	10,000	10,935,100
City of San Francisco California Public Utilities Commission Water Revenue, Refunding RB, Series A:		
5.25%, 11/01/19 <sup>(b)</sup>	6,280	6,582,570
5.00%, 11/01/36	3,335	3,845,122
Dublin-San Ramon Services District Water Revenue, Refunding RB, 6.00%, 02/01/21 <sup>(b)</sup>	4,000	4,433,320
East Bay California Municipal Utility District Water System Revenue, Refunding RB, Sub-Series A, 5.00%, 06/01/20 <sup>(b)</sup>	5,000	5,321,300
El Dorado Irrigation District/El Dorado County Water Agency, Refunding RB, Series A (AGM), 5.25%, 03/01/39	5,000	5,675,700
San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A, 5.25%, 05/15/19 <sup>(b)</sup>	2,000	2,062,500
		55,160,722
<b>Total Municipal Bonds 90.8%</b>		
<b>(Cost \$455,876,262)</b>		477,525,058

SCHEDULES OF INVESTMENTS

21

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Municipal Bonds Transferred to Tender Option Bond Trusts<sup>(e)</sup></b>		
<b>California 82.6%</b>		
<b>County/City/Special District/School District 26.4%</b>		
County of Riverside California Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/45	\$ 10,000	\$ 11,538,700
County of San Luis California Obispo Community College District, GO, Refunding Election of 2014, Series A, 4.00%, 08/01/40	6,585	6,856,803
County of San Mateo California Community College District, GO, Election of 2014, Series A, 5.00%, 09/01/45	17,615	20,125,650
Fremont Union High School District, GO, Refunding Series A, 4.00%, 08/01/46	5,000	5,215,100
Los Angeles California Unified School District, GO, Series I, 5.00%, 01/01/34	5,000	5,150,925
Los Angeles Community College District California, GO, Election of 2003, Series F-1, 5.00%, 08/01/18 <sup>(b)</sup>	12,000	12,000,000
Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 08/01/19 <sup>(b)</sup>	9,596	10,035,514
Los Angeles County Facilities Inc., RB, Vermont Corridor County Administration Building, Series A, 5.00%, 12/01/51 <sup>(c)(f)</sup>	11,420	13,116,878
Los Angeles Unified School District California, GO, Election of 2008, Series B-1, 5.25%, 07/01/42 <sup>(f)</sup>	7,075	8,432,447
Palomar Community College Distric, GO, Election of 2006, Series C, 5.00%, 08/01/44	15,140	17,300,705
Sacramento Area Flood Control Agency, Refunding, Consolidated Capital Assessment District No. 2, Series A, 5.00%, 10/01/43	10,005	11,402,965
West Valley-Mission Community College District, GO, Election of 2012, Series B, 4.00%, 08/01/40	17,000	17,758,455
		138,934,142
<b>Education 13.8%</b>		
California State University, Refunding RB, Series A, 5.00%, 11/01/43	13,002	14,742,319
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 08/01/20 <sup>(b)</sup>	11,000	11,740,025
University of California, RB:		
Series AM, 5.25%, 05/15/44	9,210	10,553,969
Series O, 5.75%, 05/15/19 <sup>(b)</sup>	11,193	11,578,617
University of California, Refunding RB, Series I, 5.00%, 05/15/40	21,105	24,002,239
		72,617,169
<b>Health 19.0%</b>		
California Health Facilities Financing Authority, Refunding RB, Kaiser Permanent, Sub-Series A-2, 4.00%, 11/01/44	13,280	13,689,555
California Health Facilities Financing Authority, RB:		
Lucile Salter Packard Children s Hospital at Stanford, 5.00%, 11/15/56	6,000	6,763,760
Sutter Health, Series A, 4.00%, 11/15/42	7,500	7,743,775
Sutter Health, Series A, 5.00%, 08/15/52	10,000	10,877,750

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

California Health Facilities Financing Authority, Refunding RB:		
Lucile Salter Packard Children s Hospital, Series B, 5.00%, 08/15/55	4,500	5,022,630
Providence St. Joseph Health, Series A, 4.00%, 10/01/47	6,018	6,173,600
Sutter Health, Series A, 5.00%, 08/15/43	24,940	27,938,536
California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 04/01/42	19,860	21,628,334
		99,837,940
<b>State 0.7%</b>		
State of California, GO, Refunding, Various Purpose, 5.25%, 10/01/39	3,000	3,498,000
<b>Transportation 9.4%</b>		
Bay Area Toll Authority, Refunding RB, San Francisco Bay Area Toll Bridge <sup>(f)</sup> :		
4.00%, 04/01/42	11,250	11,795,545
4.00%, 04/01/49	6,555	6,772,888
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Transportation (continued)</b>		
City of Los Angeles California Department of Airports, ARB, AMT:		
Los Angeles International Airport, Series B, 5.00%, 05/15/46	\$ 5,000	\$ 5,548,550
Series D, 5.00%, 05/15/41	13,311	14,851,764
City of Los Angeles California Department of Airports, RB, AMT:		
Los Angeles International Airport, Series B, 5.00%, 05/15/41	3,641	4,054,667
Senior Revenue, Series A, 5.00%, 05/15/40	5,500	6,141,383
		49,164,797
<b>Utilities 13.3%</b>		
Anaheim Public Financing Authority, Refunding RB, Anaheim Convention Center Expansion Project, Series A:		
5.00%, 05/01/39	6,000	6,734,880
5.00%, 05/01/46	13,500	15,077,475
City & County of San Francisco California Public Utilities Commission, RB, Water Revenue, Series B, 5.00%, 11/01/19 <sup>(b)</sup>	4,380	4,575,282
City of Los Angeles California Wastewater System Revenue, RB, Green Bonds, Series A, 5.00%, 06/01/44	6,290	7,153,617
City of Sacramento California Water Revenue, RB, 5.25%, 09/01/47	14,825	17,484,681
Los Angeles Department of Water, Refunding RB, Series A, 5.00%, 07/01/46	8,413	9,567,822
Rancho Water District Financing Authority, Refunding RB, Series A (AGM) <sup>(b)</sup> :		
5.00%, 08/01/18	3,729	3,728,790
5.00%, 08/01/18	5,548	5,547,961
		69,870,508
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 82.6%</b>		
<b>(Cost \$424,597,031)</b>		433,922,556
<b>Total Long-Term Investments 173.4%</b>		
<b>(Cost \$880,473,293)</b>		911,447,614

Shares

<b>Short-Term Securities</b> 0.1%		
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.85%(g)(h)	349,727	349,797
<b>Total Short-Term Securities</b> 0.1%		
(Cost \$349,772)		349,797
<b>Total Investments</b> 173.5%		
(Cost \$880,823,065)		911,797,411
<b>Liabilities in Excess of Other Assets</b> (0.9)%		(4,576,094)
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable</b> (41.0)%		(215,449,761)
<b>VRDP Shares at Liquidation Value, Net of Deferred Offering Costs</b> (31.6)%		(166,239,598)
<b>Net Assets</b> 100.0%		\$ 525,531,958

(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) When-issued security.

(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.

## Schedule of Investments (continued)

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

July 31, 2018

- (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) 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, 2025 to June 1, 2026 is \$25,985,300. See Note 4 of the Notes to Financial Statements for details.
- (g) Annualized 7-day yield as of period end.
- (h) During the year ended July 31, 2018, 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 07/31/17	Net Activity	Shares Held at 07/31/18	Value at 07/31/18	Income	Change in Net Unrealized Appreciation (Depreciation)	
						Gain	(Loss)
BlackRock Liquidity Funds, MuniCash, Institutional Class	545,574	(195,847)	349,727	\$ 349,797	\$ 29,655	\$ (50)	\$ (29)

(a) Includes net capital gain distributions, if applicable.

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

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/ Unrealized Appreciation (Depreciation)
Short Contracts:				
10-Year U.S. Treasury Note	126	09/19/18	\$ 15,047	\$ 51,977
Long U.S. Treasury Bond	196	09/19/18	28,022	5,552
5-Year U.S. Treasury Note	13	09/28/18	1,471	10,132
				\$ 67,661

**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 as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Assets Derivative Financial Instruments</b>							
Futures contracts							
Net unrealized appreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 67,661	\$	\$ 67,661

<sup>(a)</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, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Futures contracts	\$	\$	\$	\$	\$ 3,023,214	\$	\$ 3,023,214
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>							
Futures contracts	\$	\$	\$	\$	\$ 143,994	\$	\$ 143,994

Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)

July 31, 2018

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

Futures contracts:

Average notional value of contracts – short \$46,974,422

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments <sup>(a)</sup>	\$	\$ 911,447,614	\$	\$ 911,447,614
Short-Term Securities	349,797			349,797
	\$ 349,797	\$ 911,447,614	\$	\$ 911,797,411
Derivative Financial Instruments <sup>(b)</sup>				
Assets:				
Interest rate contracts	\$ 67,661	\$	\$	\$ 67,661
	\$ 67,661	\$	\$	\$ 67,661

<sup>(a)</sup> See above Schedule of Investments for values in each sector.

<sup>(b)</sup> 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:



Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities:				
TOB Trust Certificates	\$	\$ (214,550,309)	\$	\$ (214,550,309)
VRDP Shares at Liquidation Value		(166,500,000)		(166,500,000)
	\$	\$ (381,050,309)	\$	\$ (381,050,309)

During the year ended July 31, 2018, there were no transfers between levels.

*See notes to financial statements.*

## Schedule of Investments

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Municipal Bonds 125.9%</b>		
<b>New York 125.7%</b>		
<b>Corporate 3.4%</b>		
City of New York Industrial Development Agency, Refunding RB, Transportation Infrastructure Properties LLC, Series A, AMT, 5.00%, 07/01/28	\$ 930	\$ 991,101
County of Onondaga New York Industrial Development Agency, RB, Bristol-Meyers Squibb Co. Project, AMT, 5.75%, 03/01/24	2,500	2,895,300
New York Liberty Development Corp., Refunding RB, Goldman Sachs Headquarters, 5.25%, 10/01/35	12,070	14,830,409
		18,716,810
<b>County/City/Special District/School District 17.8%</b>		
City of New York, GO, Refunding, Series E, 5.50%, 08/01/25	5,435	6,310,089
City of New York, GO:		
Series A-1, 5.00%, 08/01/35	1,950	2,103,992
Sub-Series A-1, 5.00%, 08/01/33	2,100	2,352,525
Sub-Series D-1, Fiscal 2014, 5.00%, 08/01/31	1,300	1,459,575
City of New York Convention Center Development Corp., RB, CAB, Sub Lien, Hotel Unit Fee, Series B, 0.00%, 11/15/46 <sup>(a)</sup>	4,000	1,258,560
City of New York Convention Center Development Corp., Refunding RB, Hotel Unit Fee Secured,		
5.00%, 11/15/40	7,370	8,317,635
5.00%, 11/15/45	13,995	15,707,008
City of New York Industrial Development Agency, RB, PILOT:		
(AMBAC), 5.00%, 01/01/39	1,750	1,773,625
Queens Baseball Stadium (AGC), 6.38%, 01/01/39	1,000	1,019,050
City of New York Industrial Development Agency, RB, PILOT, Yankee Stadium Project (NPFGC), 5.00%, 03/01/46	9,650	9,704,619
City of New York New York, GO:		
Sub-Series D-1, 5.00%, 10/01/33	8,350	9,063,173
Refunding, Fiscal 2012, Series I, 5.00%, 08/01/32	490	539,265
Refunding, Fiscal 2014, Series E, 5.00%, 08/01/32	2,040	2,288,370
City of New York New York Convention Center Development Corp., RB, CAB, Sub Lien, Hotel Unit Fee, Series B (AGM), 0.00%, 11/15/56 <sup>(a)</sup>	7,825	1,569,852
City of New York New York Industrial Development Agency, RB, PILOT:		
CAB, Yankee Stadium Project, Series A (AGC), 0.00%, 03/01/39 <sup>(a)</sup>	5,000	2,226,400
CAB, Yankee Stadium Project, Series A (AGC), 0.00%, 03/01/43 <sup>(a)</sup>	4,330	1,581,403
Queens Baseball Stadium (AMBAC), 5.00%, 01/01/36	6,400	6,417,024
Yankee Stadium Project (NPFGC), 5.00%, 03/01/36	2,250	2,254,140
County of Erie New York Fiscal Stability Authority, RB, Sales Tax and State Aid Secured Refunding Bonds, Series D:		
5.00%, 09/01/35	335	390,801

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

5.00%, 09/01/36	300	348,930
5.00%, 09/01/37	335	389,059
5.00%, 09/01/38	515	597,220
5.00%, 09/01/39	410	474,042
County of Nassau New York, GO, Series A, 5.00%, 01/15/31	1,770	2,029,694
Hudson Yards Infrastructure Corp., Refunding RB, Series A: 2nd Indenture, 5.00%, 02/15/45	2,150	2,433,628
5.00%, 02/15/37	610	695,845
New York Liberty Development Corp., Refunding RB: 4 World Trade Center Project, 5.00%, 11/15/31	2,570	2,797,676
4 World Trade Center Project, 5.00%, 11/15/44	2,000	2,160,660
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>County/City/Special District/School District (continued)</b>		
4 World Trade Center Project, 5.75%, 11/15/51	\$ 3,000	\$ 3,339,750
7 World Trade Center Project, Class 1, 4.00%, 09/15/35	1,090	1,139,671
7 World Trade Center Project, Class 2, 5.00%, 09/15/43	3,725	4,019,759
		96,763,040
<b>Education 23.8%</b>		
Albany Capital Resource Corp., Refunding RB, Albany College of Pharmacy and Health Sciences, Series A: 5.00%, 12/01/31	250	274,990
5.00%, 12/01/32	100	109,636
Amherst Development Corp., Refunding RB, University at Buffalo Foundation Faculty-Student Housing Corp., Series A (AGM), 4.63%, 10/01/20 <sup>(b)</sup>	2,000	2,125,920
Build NYC Resource Corp., Refunding RB: City University Queens College, Series A, 5.00%, 06/01/43	525	582,839
Manhattan College Project, 5.00%, 08/01/35	545	616,166
Manhattan College Project, 4.00%, 08/01/42	975	989,001
City of Albany New York Capital Resource Corp., Refunding RB, Albany College of Pharmacy and Health Sciences, Series A, 4.00%, 12/01/34	110	111,532
City of New York Trust for Cultural Resources, Refunding RB, Series A: American Museum of Natural History, 5.00%, 07/01/37	2,265	2,543,980
Carnegie Hall, 4.75%, 12/01/39	3,550	3,665,126
City of New York New York Trust for Cultural Resources, Refunding RB, Series A: American Museum of Natural History, 5.00%, 07/01/41	825	924,701
Carnegie Hall, 5.00%, 12/01/39	2,150	2,235,376
Wildlife Conservation Society, 5.00%, 08/01/42	750	827,918
City of New York Trust for Cultural Resources, Refunding RB, Museum of Modern Art, Series 1A, 5.00%, 10/01/18 <sup>(b)</sup>	1,000	1,006,230
City of Troy New York Capital Resource Corp., Refunding RB, Rensselaer Polytechnic Institute Project, Series A, 5.13%, 09/01/40	5,740	6,026,770
Counties of Buffalo & Erie New York Industrial Development Agency, RB, City School District of Buffalo Project, Series A: 5.25%, 05/01/31	2,305	2,512,611
5.25%, 05/01/32	1,000	1,084,470
Counties of Buffalo & Erie New York Industrial Development Agency, Refunding RB, City School District of Buffalo Project: 5.00%, 05/01/28	750	876,803
Series A, 5.00%, 05/01/29	4,060	4,731,768

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

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	1,125,228
County of Dutchess New York Local Development Corp., Refunding RB, Vassar College Project: 5.00%, 07/01/42	1,180	1,344,539
4.00%, 07/01/46	2,235	2,300,865
County of Madison New York Capital Resource Corp., RB, Colgate University Project, Series B: 5.00%, 07/01/40	815	909,067
5.00%, 07/01/43	2,940	3,265,840
County of Monroe New York Industrial Development Corp., RB, University of Rochester Project, Series B, 4.50%, 07/01/21 <sup>(b)</sup>	3,885	4,191,760

SCHEDULES OF INVESTMENTS

25

Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Education (continued)</b>		
County of Monroe New York Industrial Development Corp., Refunding RB:		
Nazareth College of Rochester Project, 4.00%, 10/01/47	\$ 350	\$ 344,061
University of Rochester Project, Series A, 5.00%, 07/01/23 <sup>(b)</sup>	1,440	1,647,000
University of Rochester Project, Series A, 4.00%, 07/01/39	500	517,400
University of Rochester Project, Series C, 4.00%, 07/01/43	1,000	1,037,980
County of Onondaga New York, RB, Syracuse University Project: 5.00%, 12/01/30	1,190	1,304,038
5.00%, 12/01/36	1,150	1,250,130
County of St. Lawrence New York Industrial Development Agency, RB, Clarkson University Project, 5.38%, 09/01/41	500	543,750
County of Tompkins New York Development Corp., RB, Ithaca College Project (AGM) <sup>(b)</sup> : 5.25%, 01/01/21	860	931,045
5.50%, 01/01/21	500	544,245
County of Tompkins New York Industrial Development Agency, RB, Civic Facility Cornell University Project, Series A, 5.00%, 07/01/37	675	713,482
State of New York Dormitory Authority, RB: Convent of the Sacred Heart (AGM), 5.75%, 11/01/40	2,075	2,269,676
Fordham University, Series A, 5.00%, 07/01/21 <sup>(b)</sup>	325	355,261
Fordham University, Series A, 5.50%, 07/01/21 <sup>(b)</sup>	1,550	1,716,268
New School (AGM), 5.50%, 07/01/20 <sup>(b)</sup>	4,050	4,340,142
New York University Mount Sinai School of Medicine, 5.13%, 07/01/19 <sup>(b)</sup>	665	686,293
New York University, Series 1 (AMBAC), 5.50%, 07/01/40	4,580	5,983,633
New York University, Series B, 5.00%, 07/01/19 <sup>(b)</sup>	1,000	1,031,820
New York University, Series B, 5.00%, 07/01/37	600	658,638
New York University, Series B, 5.00%, 07/01/42	3,240	3,547,768
State University Dormitory Facilities, Series A, 5.00%, 07/01/35	800	845,760
State University Dormitory Facilities, Series A, 5.00%, 07/01/40	2,035	2,145,887
State University Dormitory Facilities, Series A, 5.00%, 07/01/41	1,500	1,616,565
State of New York Dormitory Authority, Refunding RB: 3rd General Resolution, State University Educational Facilities Issue, Series A, 5.00%, 05/15/29	1,000	1,101,920
Barnard College, Series A, 5.00%, 07/01/34	1,150	1,303,364
Barnard College, Series A, 4.00%, 07/01/37	240	247,306
Barnard College, Series A, 5.00%, 07/01/43	2,500	2,783,625
Columbia University, Series B, 5.00%, 10/01/38	2,115	2,486,902
Cornell University, Series A, 5.00%, 07/01/40	700	740,719
Fordham University, 5.00%, 07/01/44	2,130	2,359,231
Icahn School of Medicine at Mount Sinai, Series A, 5.00%, 07/01/35	1,380	1,530,227
New York University, Series A, 5.00%, 07/01/31	3,955	4,352,438
New York University, Series A, 5.00%, 07/01/37 <sup>(c)</sup>	4,775	5,241,661
Pratt Institute, 5.00%, 07/01/46	910	1,011,592
Rochester Institute of Technology, 5.00%, 07/01/42	750	816,848

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

St. John's University, Series A, 5.00%, 07/01/37	2,240	2,500,019
State University Dormitory Facilities, Series A, 5.25%, 07/01/30	4,195	4,770,973
State University Dormitory Facilities, Series A, 5.25%, 07/01/31	8,735	9,925,668
State University Dormitory Facilities, Series A, 5.00%, 07/01/42	1,490	1,617,022
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Education (continued)</b>		
State University Dormitory Facilities, Series A, 5.00%, 07/01/42	\$ 2,315	\$ 2,633,961
State University Dormitory Facilities, Series B, 5.00%, 07/01/32	500	571,060
State University Dormitory Facilities, Series B, 5.00%, 07/01/33	1,140	1,297,400
State University of New York Dormitory Facilities, Series A, 5.00%, 07/01/38	1,475	1,684,361
Town of Hempstead New York Local Development Corp., Refunding RB, Hofstra University Project, 5.00%, 07/01/47	1,645	1,847,236
		129,237,511
<b>Health 9.1%</b>		
City of New York New York Health & Hospital Corp., Refunding RB, Health System, Series A, 5.00%, 02/15/30	2,200	2,298,648
County of Dutchess New York Industrial Development Agency, RB, Vassar Brothers Medical Center (AGC):		
5.50%, 04/01/34	490	525,158
5.50%, 04/01/30	250	267,938
County of Dutchess New York Local Development Corp., RB, Health Quest Systems, Inc., Series B, 4.00%, 07/01/41	2,505	2,516,748
County of Monroe New York Industrial Development Corp., RB, Rochester General Hospital Project:		
4.00%, 12/01/41	800	802,216
5.00%, 12/01/46	1,280	1,400,218
Series A, 5.00%, 12/01/32	830	903,248
Series A, 5.00%, 12/01/37	350	378,067
County of Monroe New York Industrial Development Corp., Refunding RB, Unity Hospital of Rochester Project (FHA), 5.50%, 08/15/40	5,650	6,132,227
County of Suffolk New York EDC, RB, Catholic Health Services, Series C, 5.00%, 07/01/32	625	681,994
County of Westchester New York Healthcare Corp., Refunding RB, Senior Lien, Remarketing, Series A, 5.00%, 11/01/30	1,790	1,901,607
State of New York Dormitory Authority, RB: Healthcare, Series A, 5.00%, 03/15/19 <sup>(b)</sup>	2,000	2,044,600
New York University Hospitals Center, Series A, 5.75%, 07/01/20 <sup>(b)</sup>	3,450	3,709,923
New York University Hospitals Center, Series A, 6.00%, 07/01/20 <sup>(b)</sup>	1,100	1,188,033
North Shore-Long Island Jewish Obligated Group, Series A, 5.50%, 05/01/19 <sup>(b)</sup>	2,075	2,138,453
North Shore-Long Island Jewish Obligated Group, Series C, 4.25%, 05/01/39	1,000	1,044,310
North Shore-Long Island Jewish Obligated Group, Series D, 4.25%, 05/01/39	300	313,293
State of New York Dormitory Authority, Refunding RB:		
Memorial Sloan-Kettering Cancer Center, Series 1, 5.00%, 07/01/42	2,625	2,986,672
North Shore-Long Island Jewish Obligated Group, Series A, 5.00%, 05/01/21 <sup>(b)</sup>	4,000	4,349,360
North Shore-Long Island Jewish Obligated Group, Series A, 5.25%, 05/01/21 <sup>(b)</sup>	9,220	10,086,864
North Shore-Long Island Jewish Obligated Group, Series A, 5.00%, 05/01/32	3,525	3,959,456
		49,629,033
<b>Housing 2.9%</b>		

City of New York Housing Development Corp., RB, M/F Housing, Fund Grant Program,  
New York City Housing Authority Program, Series B1:

5.25%, 07/01/32	6,865	7,545,871
5.00%, 07/01/33	1,675	1,815,800

## Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Housing (continued)</b>		
City of New York Housing Development Corp., Refunding RB, M/F Housing, 8 Spruce Street, Class F, 4.50%, 02/15/48	\$ 1,230	\$ 1,277,908
City of Yonkers New York Industrial Development Agency, RB, Monastery Manor Associates LP Project, Series A, AMT (SONYMA), 5.25%, 04/01/37	2,445	2,452,335
State of New York HFA, RB, M/F Housing: Affordable Series B (Ginnie Mae, Fannie Mae & Freddie Mac), 4.00%, 11/01/42	1,045	1,069,443
St. Philip s Housing, Series A, AMT, 4.65%, 11/15/38	1,500	1,500,885
		15,662,242
<b>State 20.9%</b>		
City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Sub-Series B-1: Series S-1 (AGC), 5.50%, 07/15/38	6,000	6,017,940
Series S-4 (AGC), 5.50%, 01/15/39	1,500	1,526,205
City of New York New York Transitional Finance Authority Future Tax Secured, RB: Fiscal 2014, Sub-Series A-1, 5.00%, 11/01/38	1,000	1,115,410
Fiscal 2016, 5.00%, 11/01/38	4,000	4,539,720
Sub Series A-3, 5.00%, 08/01/41	5,495	6,262,981
5.00%, 11/01/35	2,510	2,826,712
City of New York Transitional Finance Authority, BARB, Fiscal 2018: Fiscal 2009, Series S-4 (AGC), 5.50%, 01/15/33	5,500	5,601,365
Fiscal 2015, Series S-1, 5.00%, 07/15/37	2,000	2,233,060
City of New York Transitional Finance Authority, Refunding RB: Series S-1, 5.00%, 07/15/35	1,455	1,668,434
Series S-2, 5.00%, 07/15/35	1,455	1,668,434
City of New York Transitional Finance Authority Building Aid Revenue, RB: Series S-1, 5.00%, 07/15/37	2,160	2,431,210
Series S-3, 5.25%, 07/15/36	1,910	2,271,945
City of New York Transitional Finance Authority Future Tax Secured, RB: Fiscal 2014, Sub-Series B-1, 5.00%, 11/01/36	1,690	1,900,354
Series A-2, 5.00%, 08/01/39	2,555	2,916,379
Sub-Series F-1, 5.00%, 05/01/39	5,130	5,837,837
Subordinate, Sub-Series C-3, 4.00%, 05/01/42	3,320	3,436,499
City of New York Transitional Finance Authority Future Tax Secured, Refunding RB, Series C, 5.00%, 11/01/30	1,470	1,684,047
Metropolitan Transportation Authority, Refunding RB, Dedicated Tax Fund: Series B, 5.00%, 11/15/19 <sup>(b)</sup>	1,500	1,567,185
Sub-Series B-1, 5.00%, 11/15/31	3,465	3,905,956
Sales Tax Asset Receivable Corp., Refunding RB, Fiscal 2015, Series A, 4.00%, 10/15/32	3,835	4,140,611
State of New York Dormitory Authority, RB: Bid Group 3, Series A, 5.00%, 03/15/43	1,560	1,793,657
Bid Group 4, Series C, 5.00%, 03/15/37	1,610	1,862,706



Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Bid Group 4, Series C, 4.00%, 03/15/44	3,810	3,939,121
General Purpose, Series A, 5.00%, 02/15/36	5,500	6,078,655
General Purpose, Series B, 5.00%, 03/15/37	1,000	1,089,960
General Purpose, Series B, 5.00%, 03/15/42	7,500	8,155,650
Group 4, Series A, 5.00%, 03/15/45	3,335	3,828,547
Group B, State Sales Tax, Series A, 5.00%, 03/15/39	520	594,636
Master BOCES Program Lease (AGC), 5.00%, 08/15/19 <sup>(b)</sup>	1,750	1,813,840
Sales tax, Group B, Series A, 5.00%, 03/15/38	3,245	3,716,044
Sales Tax, Series A, 5.00%, 03/15/37	2,695	3,094,992
Series A, 5.00%, 02/15/42	3,000	3,386,760
Series B, 5.00%, 03/15/37	2,000	2,271,100
State Personal Income Tax, Series A, 5.00%, 02/15/43	1,000	1,096,220
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>State (continued)</b>		
State of New York Dormitory Authority, Refunding RB, General Purpose, Series A, 5.00%, 02/15/38	\$ 4,630	\$ 5,266,671
State of New York Urban Development Corp., RB, State Personal Income Tax, Series C, 5.00%, 03/15/32	2,000	2,229,740
		113,770,583
<b>Tobacco 2.4%</b>		
Counties of New York Tobacco Trust VI, Refunding RB, Tobacco Settlement Pass-Through:		
Series A, 5.00%, 06/01/41	425	460,738
Series A-2B, 5.00%, 06/01/51	800	834,152
Series B, 5.00%, 06/01/45	1,820	1,938,700
County of Chautauqua New York Tobacco Asset Securitization Corp., Refunding RB, Asset-Backed, 4.75%, 06/01/39	2,190	2,210,958
County of Niagara New York Tobacco Asset Securitization Corp., Refunding RB, Asset-Backed:		
5.25%, 05/15/34	1,650	1,778,453
5.25%, 05/15/40	2,250	2,405,835
Westchester New York Tobacco Asset Securitization, Refunding RB, Tobacco Settlement Bonds, Sub-Series C, 4.00%, 06/01/42	3,325	3,254,743
		12,883,579
<b>Transportation 29.5%</b>		
Buffalo & Fort Erie Public Bridge Authority, RB, Toll Bridge System:		
5.00%, 01/01/42	1,440	1,626,437
5.00%, 01/01/47	105	118,183
Metropolitan Transportation Authority, RB:		
Green Bonds, Series A, 5.00%, 11/15/42	3,500	3,981,915
Series A, 5.00%, 11/15/21 <sup>(b)</sup>	1,000	1,104,000
Series A, 5.00%, 05/15/23 <sup>(b)</sup>	1,000	1,141,150
Series A-1, 5.25%, 11/15/23 <sup>(b)</sup>	2,565	2,988,122
Series A-1, 5.25%, 11/15/23 <sup>(b)</sup>	2,840	3,308,486
Series C, 6.50%, 11/15/28	615	623,690
Series D, 5.25%, 11/15/21 <sup>(b)</sup>	765	850,642
Series E, 5.00%, 11/15/38	7,785	8,576,501
Series E, 5.00%, 11/15/43	4,000	4,375,920

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Series H, 5.00%, 11/15/22 <sup>(b)</sup>	930	1,050,974
Series H, 5.00%, 11/15/31	760	839,025
Sub-Series A-1, 5.00%, 11/15/45	2,050	2,270,744
Sub-Series B, 5.00%, 11/15/23 <sup>(b)</sup>	3,250	3,745,495
Metropolitan Transportation Authority, Refunding RB:		
Green Bond, SubSeries B-1, 5.00%, 11/15/51	2,815	3,168,029
Green Bonds, Climate Bond Certified, Sub-Series B-2, 4.00%, 11/15/34	3,000	3,169,140
Green Bonds, Series A-1, 5.00%, 11/15/41	2,450	2,732,019
Green Bonds, Series A-1, 5.25%, 11/15/56	2,610	2,926,358
Green Bonds, Series A-1, 5.25%, 11/15/57	1,795	2,036,553
Series B, 5.00%, 11/15/37	2,120	2,395,727
Series D, 5.25%, 11/15/20 <sup>(b)</sup>	1,000	1,081,350
Series D, 5.25%, 11/15/21 <sup>(b)</sup>	2,685	2,985,586
Metropolitan Transportation Authority Hudson Rail Yards Trust Obligations, Refunding RB, Series A:		
5.00%, 11/15/56	5,655	6,111,867
5.00%, 11/15/51	480	510,427
New York Liberty Development Corp., RB, World Trade Center Port Authority Consolidated, 5.25%, 12/15/43		
	3,500	3,837,575
New York Transportation Development Corp., ARB, LaGuardia Airport Terminal B Redevelopment Project, Series A, AMT:		
5.00%, 07/01/46	6,615	7,082,350
5.25%, 01/01/50	7,305	7,909,343
(AGM), 4.00%, 07/01/41	1,575	1,587,348

Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Transportation (continued)</b>		
Niagara Falls Bridge Commission, Refunding RB, Toll Bridge System, Series A (AGC), 4.00%, 10/01/19	\$ 820	\$ 832,136
Port Authority of New York & New Jersey, ARB:		
Consolidated, 163rd Series, 5.00%, 07/15/35	2,500	2,654,300
Consolidated, 169th Series, 5.00%, 10/15/41	1,000	1,075,490
Consolidated, 183rd Series, 4.00%, 06/15/44	1,500	1,541,835
JFK International Air Terminal LLC, Special Project, Series 6, AMT (NPFGC), 5.75%, 12/01/22	8,160	8,517,082
Port Authority of New York & New Jersey, Refunding ARB:		
178th Series, AMT, 5.00%, 12/01/33	1,140	1,260,373
179th Series, 5.00%, 12/01/38	1,390	1,556,480
Consolidated, 177th Series, AMT, 4.00%, 01/15/43	735	747,289
Consolidated, 178th Series, AMT, 5.00%, 12/01/43	750	821,423
Consolidated, 186th Series, AMT, 5.00%, 10/15/44	1,000	1,099,900
Consolidated, 195th Series, AMT, 5.00%, 04/01/36	1,500	1,677,705
Series G, JFK International Air Terminal (AGM), 5.75%, 12/01/25	3,500	3,653,230
State of New York Thruway Authority, RB, Junior Lien, Series A:		
5.00%, 01/01/41	2,110	2,351,490
5.25%, 01/01/56	2,940	3,306,001
State of New York Thruway Authority, Refunding RB:		
General, Series I, 5.00%, 01/01/37	4,225	4,578,590
General, Series I, 5.00%, 01/01/42	3,250	3,514,225
General, Series J, 5.00%, 01/01/41	6,275	6,914,171
General, Series K, 5.00%, 01/01/29	2,225	2,531,494
General, Series K, 5.00%, 01/01/31	1,500	1,698,120
General, Series K, 5.00%, 01/01/32	3,500	3,960,075
Series L, 5.00%, 01/01/33	490	568,101
Series L, 5.00%, 01/01/34	840	970,906
Series L, 5.00%, 01/01/35	970	1,117,741
Triborough Bridge & Tunnel Authority, RB, Series B:		
5.00%, 11/15/40	1,010	1,149,067
5.00%, 11/15/45	1,500	1,699,170
Triborough Bridge & Tunnel Authority, Refunding RB:		
General, CAB, Series B, 0.00%, 11/15/32 <sup>(a)</sup>	9,590	5,833,597
General, Series A, 5.00%, 11/15/38	1,000	1,106,120
General, Series A, 5.25%, 11/15/45	1,460	1,677,671
General, Series A, 5.00%, 11/15/50	4,500	5,010,705
General, Series C, 5.00%, 11/15/18 <sup>(b)</sup>	1,235	1,248,375
General, Series C, 5.00%, 11/15/38	765	772,061
Sub-Series A, 5.00%, 11/15/29	875	981,461
		160,561,340

**Utilities 15.8%**

City of New York Municipal Water Finance Authority, RB, Water & Sewer System, 2nd General Resolution, Fiscal 2017, Series DD, 5.25%, 06/15/47	2,455	2,837,464
City of New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2015, Series HH, 5.00%, 06/15/39	3,000	3,358,020
City of New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2011, Series BB, 5.00%, 06/15/31	1,000	1,058,550
City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:		
Fiscal 2010, Series FF, 5.00%, 06/15/31	1,500	1,587,825
Fiscal 2011, Series GG, 5.00%, 06/15/21 <sup>(b)</sup>	1,000	1,092,020
City of New York Water & Sewer System, Refunding RB, Series EE, 5.00%, 06/15/40	6,575	7,543,498
County of Western Nassau New York Water Authority, RB, Series A, 5.00%, 04/01/40	1,185	1,311,297

*Par*  
(000) *Value*

*Security***Utilities (continued)**

Long Island Power Authority, RB, General, Electric Systems:		
5.00%, 09/01/42	\$ 1,410	\$ 1,596,726
Series A (AGM), 5.00%, 05/01/21 <sup>(b)</sup>	3,775	4,104,709
Long Island Power Authority, Refunding RB:		
Electric System, Series A, 5.00%, 09/01/34	1,000	1,116,270
Electric System, Series B, 5.00%, 09/01/41	590	662,399
Electric System, Series B, 5.00%, 09/01/46	785	878,368
Electric Systems, Series A (AGC), 5.75%, 04/01/19 <sup>(b)</sup>	1,015	1,044,465
General, Electric Systems, Series A (AGC), 6.00%, 05/01/19 <sup>(b)</sup>	1,500	1,551,420
State of New York Environmental Facilities Corp., RB, Green Bonds, Series B:		
5.00%, 03/15/45	5,145	5,814,467
Revolving Funds, 5.00%, 09/15/40	1,195	1,354,353
State of New York Environmental Facilities Corp., Refunding RB:		
Revolving Funds, New York City Municipal Water, Series B, 5.00%, 06/15/33	1,040	1,040,000
Revolving Funds, New York City Municipal Water, Series B, 5.00%, 06/15/36	2,100	2,274,783
Series A, 5.00%, 06/15/40	4,275	4,864,608
Series A, 5.00%, 06/15/45	18,920	21,466,254
State of New York Power Authority, Refunding RB, Series A, 5.00%, 11/15/38	4,920	5,375,543
Utility Debt Securitization Authority, Refunding RB, Restructuring:		
5.00%, 12/15/35	2,720	3,115,896
Series E, 5.00%, 12/15/41	9,960	11,113,368
		86,162,303

**Total Municipal Bonds in New York**

683,386,441

**Guam 0.2%****Utilities 0.2%**

Guam Power Authority, RB, Series A (AGM), 5.00%, 10/01/20 <sup>(b)</sup>	1,380	1,476,931
--------------------------------------------------------------------------	-------	-----------

**Total Municipal Bonds 125.9%**

(Cost \$655,829,541)

684,863,372

**Municipal Bonds Transferred to Tender Option Bond Trusts<sup>(c)</sup>**

**New York 38.7%**

**County/City/Special District/School District 10.7%**

City of New York, GO:

Sub-Series I-1, 5.00%, 03/01/36	3,500	3,909,762
Refunding Series E, 5.00%, 08/01/19 <sup>(b)</sup>	309	319,015
Refunding Series E, 5.00%, 08/01/27	755	780,506
City of New York Convention Center Development Corp., Refunding RB, Hotel Unit Fee Secured, 5.00%, 11/15/32	3,500	4,024,090
City of New York New York, GO, Sub-Series C-3 (AGC):		
5.75%, 02/15/19 <sup>(b)</sup>	916	937,120
5.75%, 08/15/28 <sup>(d)</sup>	13,484	13,797,464
Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 02/15/47 <sup>(d)</sup>	9,739	10,650,953
New York Liberty Development Corp., ARB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43	17,999	19,706,436
New York Liberty Development Corp., Refunding RB, 7 World Trade Center Project, Class 1, 5.00%, 09/15/40	3,645	3,985,176
		58,110,522

## Schedule of Investments (continued)

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

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Education 2.6%</b>		
City of New York Trust for Cultural Resources, Refunding RB, Wildlife Conservation Society, Series A, 5.00%, 08/01/33	\$ 1,981	\$ 2,206,140
State of New York Dormitory Authority, RB, State University Dormitory Facilities, New York University, Series A: 5.25%, 07/01/19 <sup>(b)</sup>	6,000	6,205,200
5.00%, 07/01/35	5,198	5,613,194
		14,024,534
<b>State 10.7%</b>		
City of New York Transitional Finance Authority, RB, Future Tax Secured: Sub-Series D-1, 5.00%, 11/01/38	4,125	4,480,493
Sub-Series F-1, 5.00%, 05/01/38	4,123	4,701,679
Sales Tax Asset Receivable Corp., Refunding RB, Fiscal 2015, Series A: 5.00%, 10/15/31	7,995	9,168,053
4.00%, 10/15/32	8,000	8,637,520
State of New York Dormitory Authority, ERB, Series B, 5.75%, 03/15/19 <sup>(b)</sup>	7,850	8,059,556
State of New York Dormitory Authority, RB: Bid Group 2, Series A, 5.00%, 03/15/32	2,000	2,358,540
General Purpose, Series C, 5.00%, 03/15/41	1,650	1,762,637
Mental Health Services Facilities, Series C, AMT (AGM), 5.40%, 02/15/33	6,297	6,316,913
Series A, 5.00%, 03/15/44	5,548	6,196,732
State of New York Dormitory Authority, Refunding RB, Series E, 5.25%, 03/15/33	4,500	5,225,918
State of New York Urban Development Corp., Refunding RB, State Personal Income Tax, Series A, 5.00%, 03/15/45	1,001	1,122,535
		58,030,576
<b>Transportation 8.9%</b>		
Port Authority of New York & New Jersey, Refunding ARB: 194th Series, 5.25%, 10/15/55	3,900	4,442,360
Consolidated, Series 169th, 5.00%, 10/15/25	7,990	8,647,965
Consolidated, Series 169th, 5.00%, 10/15/26	6,000	6,496,980
State of New York Thruway Authority, Refunding RB, Transportation, Personal Income Tax, Series A, 5.00%, 03/15/31	3,940	4,283,883
Triborough Bridge & Tunnel Authority, Refunding RB: General, Series A, 5.00%, 11/15/46	15,000	16,924,275
MTA Bridges & Tunnels, Series C-2, 5.00%, 11/15/42	6,675	7,697,076
		48,492,539
<b>Utilities 5.8%</b>		
City of New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution: Fiscal 2011, Series HH, 5.00%, 06/15/32	9,900	10,720,908

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Fiscal 2012, Series BB, 5.00%, 06/15/44	3,991	4,329,657
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Utilities (continued)</b>		
City of New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 06/15/40	\$ 2,760	\$ 2,849,985
Utility Debt Securitization Authority, Refunding RB: 5.00%, 12/15/41	5,998	6,686,090
Restructuring, Series A, 5.00%, 12/15/35	3,500	4,029,673
Restructuring, Series B, 4.00%, 12/15/35	2,980	3,158,308
		31,774,621
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 38.7%</b> <b>(Cost \$204,745,223)</b>		210,432,792
<b>Total Long-Term Investments 164.6%</b> <b>(Cost \$860,574,764)</b>		895,296,164
	<i>Shares</i>	
<b>Short-Term Securities 0.5%</b>		
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.85% <sup>(e)(f)</sup>	2,731,322	2,731,868
<b>Total Short-Term Securities 0.5%</b> <b>(Cost \$2,731,507)</b>		2,731,868
<b>Total Investments 165.1%</b> <b>(Cost \$863,306,271)</b>		898,028,032
<b>Other Assets Less Liabilities 1.2%</b>		6,508,317
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (20.8)%</b>		(113,410,968)
<b>VRDP Shares, at Liquidation Value, Net of Deferred Offering Costs (45.5)%</b>		(247,353,472)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 543,771,909

(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 agreement, which expire between September 6, 2018 and February 15, 2019, is \$12,778,278. See Note 4 of the Notes to Financial Statements for details.

(e) Annualized 7-day yield as of period end.

(f) During the year ended July 31, 2018, 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:

<i>Affiliate</i>	<i>Shares Held at 07/31/17</i>	<i>Net Activity</i>	<i>Shares Held at 07/31/18</i>	<i>Value at 07/31/18</i>	<i>Income</i>	<i>Realized Gain (Loss)</i>	<i>Change in Net Unrealized Appreciation (Depreciation)</i>
BlackRock Liquidity Funds, MuniCash, Institutional Class	3,960,481	(1,229,159)	2,731,322	\$ 2,731,868	\$ 55,648	\$ 74	\$ (35)

(a) Includes net capital gain distributions, if applicable.



Schedule of Investments (continued)

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

July 31, 2018

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**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value/ Unrealized Appreciation (Depreciation)</i>
Short Contracts:				
10-Year U.S. Treasury Note	106	09/19/18	\$ 12,659	\$ 22,014
Long U.S. Treasury Bond	168	09/19/18	24,019	(100,392)
5-Year U.S. Treasury Note	87	09/28/18	9,842	15,290
				\$ (63,088)

**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:

<b>Assets</b>	<b>Derivative Financial Instruments</b>	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
	Futures contracts							
	Net unrealized appreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 37,304	\$	\$ 37,304

  

<b>Liabilities</b>	<b>Derivative Financial Instruments</b>	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
	Futures contracts							
	Net unrealized depreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 37,304	\$	\$ 37,304

**Liabilities Derivative Financial Instruments**

Futures contracts

Net unrealized depreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 100,392	\$	\$ 100,392
--------------------------------------------	----	----	----	----	------------	----	------------

<sup>(a)</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, 2018, the effect of derivative financial instruments in the Statements of Operations were as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Futures contracts	\$	\$	\$	\$	\$ 2,598,389	\$	\$ 2,598,389
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>							
Futures contracts	\$	\$	\$	\$	\$ 28,929	\$	\$ 28,929

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

Futures contracts:

Average notional value of contracts – short	\$ 47,874,979
---------------------------------------------	---------------

**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.

## Schedule of Investments (continued)

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

July 31, 2018

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments <sup>(a)</sup>	\$	\$ 895,296,164	\$	\$ 895,296,164
Short-Term Securities	2,731,868			2,731,868
	\$ 2,731,868	\$ 895,296,164	\$	\$ 898,028,032
Derivative Financial Instruments <sup>(b)</sup>				
Assets:				
Interest rate contracts	\$ 37,304	\$	\$	\$ 37,304
Liabilities:				
Interest rate contracts	(100,392)			(100,392)
	\$ (63,088)	\$	\$	\$ (63,088)

<sup>(a)</sup> See above Schedule of Investments for values in each sector.

<sup>(b)</sup> 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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities:				
TOB Trust Certificates	\$	\$ (113,019,665)	\$	\$ (113,019,665)
VRDP Shares at Liquidation Value		(247,700,000)		(247,700,000)
	\$	\$ (360,719,665)	\$	\$ (360,719,665)

During the year ended July 31, 2018, there were no transfers between levels.

See notes to financial statements.



## Schedule of Investments

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Municipal Bonds 118.0%</b>		
<b>Alabama 2.8%</b>		
Auburn University, RB, Series A, 5.00%, 06/01/48	\$ 11,485	\$ 13,185,010
Birmingham-Jefferson Civic Center Authority, Special Tax Bonds, Series A, 4.00%, 07/01/43 <sup>(a)</sup>	4,000	4,052,160
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 06/01/19 <sup>(b)</sup>	3,605	3,738,313
County of Tuscaloosa Board of Education, RB, Special Tax School Warrants, 5.00%, 02/01/43	2,485	2,787,996
Homewood Educational Building Authority, Refunding RB, Educational Facilities, Samford University, Series A, 5.00%, 12/01/47	2,835	3,114,814
		26,878,293
<b>Alaska 1.4%</b>		
Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41	2,690	2,922,793
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC) <sup>(b)</sup> : 6.00%, 09/01/19	6,450	6,756,310
6.00%, 09/01/19	3,700	3,875,713
		13,554,816
<b>Arizona 0.3%</b>		
State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27	3,075	3,187,391
<b>California 8.9%</b>		
California Health Facilities Financing Authority, RB: St. Joseph Health System, Series A, 5.75%, 07/01/39	1,550	1,610,419
Sutter Health, Series B, 5.88%, 08/15/20 <sup>(b)</sup>	3,200	3,482,400
California Health Facilities Financing Authority, Refunding RB: Kaiser Permanente, Sub-Series A-2, 5.00%, 11/01/47	1,625	2,075,921
St. Joseph Health System, Series A, 5.00%, 07/01/37	2,965	3,282,552
California State University, RB, Systemwide, Series A, 5.50%, 05/01/19 <sup>(b)</sup>	1,525	1,573,144
California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 04/01/42	4,030	4,390,846
City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, AMT: Series A, 5.00%, 03/01/36	1,160	1,310,916
Series A, 5.00%, 03/01/37	1,275	1,436,810
Series A-1, 5.75%, 03/01/34	2,300	2,501,273
County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 03/01/21 <sup>(b)</sup>	1,830	2,034,210
	5,000	1,911,600

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 08/01/34 <sup>(c)</sup>		
Grossmont California Union High School District, GO, CAB, Election of 2004, 0.00%, 08/01/31 <sup>(c)</sup>	5,110	3,305,403
Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 08/01/34 <sup>(c)</sup>	5,000	2,803,300
Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 6.25%, 08/01/43 <sup>(d)</sup>	3,975	3,250,278
Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 08/01/38 <sup>(c)</sup>	7,620	3,319,653
Oceanside Unified School District, GO, Series A (AGC), 5.25%, 08/01/33	2,500	2,507,675
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>California (continued)</b>		
Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B <sup>(c)</sup> : 0.00%, 08/01/35	\$ 7,820	\$ 4,151,716
0.00%, 08/01/36	10,000	5,052,100
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C <sup>(c)</sup> : 0.00%, 08/01/37	8,000	3,884,000
0.00%, 08/01/38	12,940	5,988,891
San Diego California Unified School District, GO, CAB, Election of 2008, Series G <sup>(c)</sup> : 0.00%, 07/01/34	1,860	909,577
0.00%, 07/01/35	1,970	906,299
0.00%, 07/01/36	2,960	1,281,147
0.00%, 07/01/37	1,975	804,497
San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 07/01/31 <sup>(c)</sup>	3,485	2,257,722
San Marcos Unified School District, GO, Election of 2010, Series A <sup>(b)</sup> : 5.00%, 08/01/21	1,800	1,980,072
5.00%, 08/01/21	1,600	1,760,064
State of California, GO, Refunding, Various Purposes: 5.00%, 09/01/41	2,700	2,940,786
5.00%, 10/01/41	2,555	2,788,808
State of California, GO, Series 2007-2 (NPFGC), 5.50%, 04/01/30	10	10,034
State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38	5,040	5,653,217
Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 08/01/36 <sup>(c)</sup>	6,545	3,180,216
		84,345,546
<b>Colorado 0.8%</b>		
Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/36	1,500	1,651,050
Regional Transportation District, COP, Series A, 5.00%, 06/01/39	5,655	6,186,457
		7,837,507
<b>District of Columbia 0.5%</b>		
Metropolitan Washington Airports Authority, Refunding ARB, AMT, Series A, 5.00%, 10/01/38	4,000	4,568,120

**Florida 13.1%**

City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/47	3,915	4,581,842
County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 04/01/39	4,535	4,900,929
County of Broward Florida Airport System Revenue, RB, Series A , AMT, 5.00%, 10/01/40	3,000	3,316,830
County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 <sup>(b)</sup>	2,250	2,264,647
County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt Obligated Group: 6.00%, 11/15/19 <sup>(b)</sup>	5	5,280
6.00%, 11/15/37	1,745	1,850,381
County of Lee Florida, Refunding ARB, Series A, AMT, 5.63%, 10/01/26	2,600	2,837,692
County of Lee Florida Revenue, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	3,440	3,720,050
County of Miami-Dade Florida, RB, Seaport: Department, Series A, 6.00%, 10/01/38	5,695	6,562,348
Department, Series B, AMT, 6.25%, 10/01/38	1,165	1,346,635
Department, Series B, AMT, 6.00%, 10/01/42	1,865	2,124,981
Series B, AMT, 6.00%, 10/01/30	1,820	2,076,511

## Schedule of Investments (continued)

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Florida (continued)</b>		
County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC), 6.00%, 10/01/18 <sup>(b)</sup>	\$ 20,095	\$ 20,250,334
County of Miami-Dade Florida Aviation, Refunding ARB, AMT, 5.00%, 10/01/34	530	591,120
County of Miami-Dade Florida Aviation, Refunding RB, Series B, AMT, 5.00%, 10/01/40	6,500	7,356,440
County of Miami-Dade Florida Aviation Revenue, Refunding ARB, Miami International Airport, Series A (AGM), AMT, 5.50%, 10/01/18 <sup>(b)</sup>	19,020	19,145,152
County of Miami-Dade Florida Educational Facilities Authority, RB, University of Miami, Series A, 5.00%, 04/01/40	14,360	15,926,820
County of Miami-Dade Florida Health Facilities Authority, Refunding RB, Nicklaus Children's Hospital Project, 5.00%, 08/01/42	1,675	1,859,300
County of Orange Florida Health Facilities Authority, Refunding RB, Presbyterian Retirement Communities Project: 5.00%, 08/01/41	1,550	1,684,354
5.00%, 08/01/47	4,590	4,974,596
County of Palm Beach Florida Solid Waste Authority, Refunding RB, Series B: 5.00%, 10/01/21 <sup>(b)</sup>	50	54,737
5.00%, 10/01/31	3,050	3,324,195
County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 07/01/39	5,135	5,312,620
Greater Orlando Aviation Authority, ARB, Priority Sub-Series A, AMT, 5.00%, 10/01/42	4,760	5,343,195
South Miami Health Facilities Authority, Refunding RB, Baptist Health South Florida Obligated Group, 5.00%, 08/15/42	2,965	3,343,690
		124,754,679
<b>Georgia 0.4%</b>		
County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health System, Inc. Project, Series A, 5.50%, 08/15/54	1,405	1,608,472
Private Colleges & Universities Authority, RB, Savannah College of Art & Design: 5.00%, 04/01/33	395	429,416
5.00%, 04/01/44	1,775	1,905,924
		3,943,812
<b>Hawaii 1.5%</b>		
State of Hawaii Department of Budget & Finance, Refunding RB, Hawaiian Electric Co., Inc. AMT, 4.00%, 03/01/37	10,275	10,423,987
State of Hawaii Department of Transportation, COP, AMT: 5.00%, 08/01/27	2,000	2,193,100
5.00%, 08/01/28	1,775	1,940,324
		14,557,411
<b>Illinois 13.2%</b>		
	2,425	2,598,315



Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT, Series B, 5.00%, 01/01/31		
City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT, 5.00%, 01/01/34	3,035	3,295,069
City of Chicago Illinois O Hare International Airport, GARB:		
3rd Lien, Series A, 5.75%, 01/01/21 <sup>(b)</sup>	7,555	8,252,931
3rd Lien, Series A, 5.75%, 01/01/39	1,445	1,564,921
Senior Lien, Series D, 5.25%, 01/01/42	8,285	9,437,112
Senior Lien, Series D, AMT, 5.00%, 01/01/42	2,865	3,125,600
City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36	1,620	1,729,868
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Illinois (continued)</b>		
Cook County Community College District No. 508, GO, City College of Chicago, 5.13%, 12/01/38	\$ 3,250	\$ 3,373,175
County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37	615	649,458
Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 08/15/34	8,700	9,500,313
Illinois Finance Authority, Refunding RB:		
Northwestern Memorial Hospital, Series A, 6.00%, 08/15/19 <sup>(b)</sup>	5,250	5,491,972
Silver Cross Hospital & Medical Centers, Series C, 5.00%, 08/15/44	985	1,053,595
Illinois State Toll Highway Authority, RB, Series A, 5.00%, 01/01/42	6,940	7,857,815
Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) <sup>(c)</sup> :		
0.00%, 12/15/26	8,500	6,116,855
0.00%, 06/15/32	14,000	7,614,040
0.00%, 12/15/33	20,000	10,077,200
0.00%, 12/15/34	41,880	19,988,068
Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 0.00%, 06/15/44 <sup>(c)</sup>	9,430	2,997,326
Railsplitter Tobacco Settlement Authority, RB, 6.00%, 06/01/21 <sup>(b)</sup>	1,700	1,894,633
Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 06/01/20	385	413,794
State of Illinois, GO:		
5.25%, 07/01/29	3,160	3,344,639
5.25%, 02/01/33	5,860	6,179,839
5.50%, 07/01/33	2,235	2,369,838
5.25%, 02/01/34	5,360	5,641,775
5.50%, 07/01/38	1,200	1,263,132
		125,831,283
<b>Indiana 2.7%</b>		
City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 08/15/18 <sup>(b)</sup>	5,000	5,007,300
Indiana Finance Authority, RB, Series A:		
CWA Authority Project, 1st Lien, 5.25%, 10/01/38	2,900	3,167,873
Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 07/01/44	1,400	1,490,104
Indiana Municipal Power Agency, RB, Series B, 6.00%, 01/01/19 <sup>(b)</sup>	5,000	5,095,950
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A:		
5.75%, 01/01/19 <sup>(b)</sup>	565	575,266
5.75%, 01/01/38	2,335	2,373,387

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

(AGC), 5.25%, 01/01/19 <sup>(b)</sup>	265	269,269
(AGC), 5.50%, 01/01/19 <sup>(b)</sup>	830	844,226
(AGC), 5.25%, 01/01/29	1,085	1,101,384
(AGC), 5.50%, 01/01/38	3,420	3,475,301
State of Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series A, AMT, 5.00%, 07/01/40	2,425	2,588,979
		25,989,039
<b>Iowa 2.1%</b>		
Iowa Finance Authority, RB, Iowa Health Care Facilities, Series A (AGC), 5.63%, 08/15/19 <sup>(b)</sup>	12,650	13,171,053
Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT: 5.60%, 12/01/26	1,645	1,709,320
5.70%, 12/01/27	1,640	1,702,238

SCHEDULES OF INVESTMENTS

33

## Schedule of Investments (continued)

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Iowa (continued)</b>		
5.75%, 12/01/28	\$ 870	\$ 902,990
5.80%, 12/01/29	1,110	1,151,159
5.85%, 12/01/30	1,155	1,198,105
		19,834,865
<b>Kentucky 2.0%</b>		
Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 01/01/40	1,000	1,075,190
Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier, Series C, 6.60%, 07/01/39 <sup>(d)</sup>	8,225	7,711,678
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC):		
5.25%, 02/01/19 <sup>(b)</sup>	5,315	5,417,367
5.25%, 02/01/19 <sup>(b)</sup>	685	698,193
5.25%, 02/01/19 <sup>(b)</sup>	3,545	3,613,277
5.25%, 02/01/28	455	463,308
		18,979,013
<b>Louisiana 2.1%</b>		
City of New Orleans Louisiana Aviation Board, ARB, Series B, AMT, 5.00%, 01/01/40	4,825	5,251,868
City of Shreveport Louisiana Water & Sewer Revenue, RB, Series A (AGM), 5.00%, 12/01/41	1,645	1,837,119
Jefferson Sales Tax District, RB, Series B (AGM):		
5.00%, 12/01/34	670	766,587
5.00%, 12/01/35	895	1,022,475
5.00%, 12/01/36	805	918,263
5.00%, 12/01/37	1,005	1,143,801
Louisiana Local Government Environmental Facilities & Community Development Authority, RB, East Baton Rouge Sewerage Commission Projects, Series A, 5.00%, 02/01/44	8,155	8,980,286
		19,920,399
<b>Massachusetts 1.8%</b>		
Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A, 5.00%, 01/01/47	5,950	6,482,228
Massachusetts Development Finance Agency, Refunding RB, Emmanuel College Issue, Series A, 5.00%, 10/01/43	320	347,891
Massachusetts HFA, RB, M/F Housing, Series B, 7.00%, 12/01/38	3,150	3,181,910
Massachusetts HFA, Refunding RB, AMT:		
Series A, 4.45%, 12/01/42	2,235	2,317,337
Series C, 5.35%, 12/01/42	1,230	1,245,117
Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 05/15/43	3,495	3,861,765

			17,436,248
<b>Michigan 5.6%</b>			
City of Detroit Michigan Water Supply System Revenue, RB, 2nd Lien, Series B (AGM), 6.25%, 07/01/19 <sup>(b)</sup>	1,075		1,120,258
City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 07/01/41	3,185		3,485,696
Michigan Finance Authority, Refunding RB:			
Henry Ford Health System, 3.25%, 11/15/42	2,505		2,182,882
Hospital; Trinity Health Credit Group, 5.00%, 12/01/39	16,040		17,463,390
Trinity Health Credit Group, 5.00%, 12/01/21 <sup>(b)</sup>	60		65,953
Royal Oak Hospital Finance Authority Michigan, Refunding RB, Beaumont Health Credit Group, Series D, 5.00%, 09/01/39	1,330		1,454,275
State of Michigan Building Authority, Refunding RB, Facilities Program: Series I, 6.25%, 10/15/18 <sup>(b)</sup>	1,890		1,909,032
	<i>Par</i>		
	<i>(000)</i>		<i>Value</i>
<i>Security</i>			
<b>Michigan (continued)</b>			
Series I, 6.25%, 10/15/18 <sup>(b)</sup>	\$ 1,130	\$	1,141,379
Series I, 6.25%, 10/15/38	105		106,009
Series I (AGC), 5.25%, 10/15/24	1,750		1,825,758
Series I (AGC), 5.25%, 10/15/25	3,250		3,387,507
Series I-A, 5.38%, 10/15/36	2,075		2,285,032
Series I-A, 5.38%, 10/15/41	1,900		2,087,986
Series II-A (AGM), 5.25%, 10/15/36	8,040		8,835,960
Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32	5,000		5,054,950
Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39	1,080		1,206,068
			53,612,135
<b>Minnesota 0.6%</b>			
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC): 6.50%, 11/15/18 <sup>(b)</sup>	845		857,557
6.50%, 11/15/38	4,655		4,723,335
			5,580,892
<b>Missouri 0.6%</b>			
Health & Educational Facilities Authority of the State of Missouri, Refunding RB, Series C, 5.00%, 11/15/42	5,000		5,611,050
<b>Nebraska 0.8%</b>			
Central Plains Nebraska Energy Project, RB, Gas Project No. 3, 5.25%, 09/01/37	6,825		7,529,135
<b>Nevada 1.0%</b>			
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 04/01/19 <sup>(b)</sup>	2,250		2,317,342
County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A: 5.25%, 07/01/42	2,000		2,096,160
(AGM), 5.25%, 07/01/39	5,170		5,420,797
			9,834,299
<b>New Jersey 9.5%</b>			

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

New Jersey EDA, RB:		
Goethals Bridge Replacement Project, AMT, Private Activity Bond, 5.38%, 01/01/43	4,920	5,378,839
Goethals Bridge Replacement Project, AMT, Private Activity Bond, 5.13%, 01/01/34	1,930	2,101,268
School Facilities Construction Bonds, Series DDD, 5.00%, 06/15/42	590	636,864
Series WW, 5.25%, 06/15/33	445	487,048
Series WW, 5.00%, 06/15/34	570	613,485
Series WW, 5.00%, 06/15/36	2,635	2,819,555
Series WW, 5.25%, 06/15/40	1,025	1,107,000
New Jersey EDA, Refunding RB, School Facilities Construction:		
Series N-1 (AMBAC), 5.50%, 09/01/24	6,325	7,205,313
Series N-1 (NPFGC), 5.50%, 09/01/28	1,685	1,984,812
New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT:		
5.50%, 12/01/25	630	673,961
5.50%, 12/01/26	910	966,702
5.75%, 12/01/28	100	106,913
5.88%, 12/01/33	6,895	7,418,675
New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, 4.35%, 11/01/33		
	2,645	2,724,456
New Jersey Transportation Trust Fund Authority, RB:		
CAB, Transportation System, Series A, 0.00%, 12/15/35 <sup>(c)</sup>	18,525	8,465,184

## Schedule of Investments (continued)

## BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>New Jersey (continued)</b>		
CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 <sup>(c)</sup>	\$ 8,550	\$ 6,620,864
Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 06/15/28	4,205	4,705,984
Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 06/15/29	2,145	2,391,117
Transportation Program, Series AA, 5.25%, 06/15/33	4,150	4,435,935
Transportation Program, Series AA, 5.00%, 06/15/38	3,990	4,226,687
Transportation System, Series A, 5.50%, 06/15/41	2,980	3,116,335
Transportation System, Series A (NPFGC), 5.75%, 06/15/25	4,000	4,683,560
Transportation System, Series AA, 5.50%, 06/15/39	5,625	6,038,438
Transportation System, Series B, 5.50%, 06/15/31	1,000	1,058,030
Transportation System, Series B, 5.00%, 06/15/42	2,575	2,656,731
Transportation System, Series D, 5.00%, 06/15/32	1,825	1,967,040
Tobacco Settlement Financing Corp., Refunding RB, Series A: 5.00%, 06/01/46	4,000	4,393,920
5.25%, 06/01/46	1,035	1,158,900
		90,143,616
<b>New Mexico 0.1%</b>		
New Mexico Hospital Equipment Loan Council, Refunding RB, Presbyterian Healthcare Services, 5.00%, 08/01/44	1,040	1,150,344
<b>New York 5.2%</b>		
City of New York Transitional Finance Authority, RB: Fiscal 2009, Series S-4, 5.50%, 01/15/34	7,250	7,375,642
Future Tax Secured Fiscal, Sub-Series E-1, 5.00%, 02/01/37	3,595	4,093,195
City of New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B, 5.00%, 11/01/32	4,150	4,604,342
City of New York Transitional Finance Authority Future Tax Secured Revenue, RB, Subordinate, Series C-3, 5.00%, 05/01/40	5,000	5,739,250
Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012: 5.75%, 02/15/21 <sup>(b)</sup>	1,190	1,309,131
5.75%, 02/15/47	730	794,328
Metropolitan Transportation Authority, Refunding RB, Series B, 5.00%, 11/15/37	11,500	12,995,690
New York Transportation Development Corp., ARB, LaGuardia Airport Terminal B Redevelopment Project, Series A, AMT, 5.25%, 01/01/50	8,300	8,986,659
State of New York Dormitory Authority, ERB, Series B, 5.25%, 03/15/19 <sup>(b)</sup>	3,250	3,327,480
		49,225,717
<b>Ohio 2.7%</b>		
American Municipal Power, Inc., RB, Combined Hydroelectric Projects, Series A, 5.00%, 02/15/41	2,000	2,212,540
American Municipal Power, Inc., Refunding RB, Combined Hydroelectric Projects, Series A, 5.00%, 02/15/38	2,035	2,258,402

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/21 <sup>(b)</sup>	3,000	3,441,630
County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38	11,135	12,178,127
State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: 5.25%, 02/15/32	1,950	2,176,824
5.25%, 02/15/33	2,730	3,041,357
		25,308,880
	<i>Par</i>	
	<i>(000)</i>	<i>Value</i>
<i>Security</i>		
<b>Oregon 0.3%</b>		
Clackamas Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/38 <sup>(d)</sup>	\$ 425	\$ 440,228
County of Clackamas Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/39 <sup>(d)</sup>	395	408,513
County of Clackamas Oregon Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/40 <sup>(d)</sup>	420	434,032
County of Clackamas Oregon School District No. 12 North Clackamas, GO, CAB, Series A, 0.00%, 06/15/38 <sup>(c)</sup>	2,800	1,253,056
		2,535,829
<b>Pennsylvania 8.2%</b>		
Commonwealth Financing Authority, RB: Series B, 5.00%, 06/01/42	3,305	3,553,536
Tobacco Master Settlement Payment, 5.00%, 06/01/34	2,180	2,440,292
Pennsylvania Economic Development Financing Authority, RB: AMT, 5.00%, 06/30/42	6,805	7,392,135
PA Bridges Finco LP, 5.00%, 12/31/38	5,850	6,371,469
PA Bridges Finco LP, AMT, 5.00%, 12/31/34	7,115	7,810,634
Pennsylvania Economic Development Financing Authority, Refunding RB, Series A, 4.00%, 11/15/42	12,945	13,074,579
Pennsylvania Higher Educational Facilities Authority, Refunding RB, Thomas Jefferson University, Series A, 5.25%, 09/01/50	8,075	8,994,339
Pennsylvania Turnpike Commission, RB: Series A, 5.00%, 12/01/38	1,775	1,954,559
Series A-1, 5.00%, 12/01/41	2,320	2,574,898
Series B, 5.00%, 12/01/40	920	1,021,688
Series C, 5.50%, 12/01/23 <sup>(b)</sup>	1,565	1,836,277
Sub-Series B-1, 5.00%, 06/01/42	7,330	8,024,517
Subordinate, Special Motor License Fund, 6.00%, 12/01/20 <sup>(b)</sup>	2,575	2,827,505
Pennsylvania Turnpike Commission, Refunding RB: Motor Licenced Fund Enhancement, Second Series, 5.00%, 12/01/41	3,940	4,383,605
Motor Licenced Fund Enhancement, Third Series, 4.00%, 12/01/38	3,500	3,568,215
Series A-1, 5.00%, 12/01/40	2,165	2,389,727
		78,217,975
<b>Rhode Island 1.8%</b>		
Rhode Island Commerce Corp., RB, Airport Corp., Series D, 5.00%, 07/01/41	495	545,203
Rhode Island Health & Educational Building Corp., RB, Series A, 4.00%, 09/15/42	5,515	5,603,405
Tobacco Settlement Financing Corp., Refunding RB, Series B: 4.50%, 06/01/45	3,000	3,054,600
5.00%, 06/01/50	7,465	7,788,981

		16,992,189
<b>South Carolina 4.8%</b>		
South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 08/01/21 <sup>(b)</sup>	3,600	4,081,392
South Carolina Ports Authority, ARB, AMT, 5.00%, 07/01/38	2,380	2,691,709
State of South Carolina Ports Authority, RB, AMT, 5.25%, 07/01/50	6,530	7,255,810
State of South Carolina Public Service Authority, RB:		
Santee Cooper, Series A, 5.50%, 12/01/54	9,350	10,183,926
Series E, 5.50%, 12/01/53	7,025	7,603,017

SCHEDULES OF INVESTMENTS



Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>South Carolina (continued)</b>		
State of South Carolina Public Service Authority, Refunding RB, Series B:		
Santee Cooper, 5.00%, 12/01/38	\$ 5,870	\$ 6,218,326
(AGM), 5.00%, 12/01/56	7,155	7,848,534
		45,882,714
<b>Texas 16.0%</b>		
Austin Community College District, GO, 4.00%, 08/01/43 <sup>(a)</sup>	5,000	5,144,800
City of Houston Texas Combined Utility System Revenue, Refunding RB, 1st Lien:		
Series B, 5.00%, 11/15/36	7,110	8,123,673
Combined Series A (AGC), 5.38%, 05/15/19 <sup>(b)</sup>	3,460	3,563,489
Combined Series A (AGC), 6.00%, 05/15/19 <sup>(b)</sup>	5,400	5,587,758
Combined Series A (AGC), 6.00%, 11/15/35	300	310,527
Combined Series A (AGC), 5.38%, 11/15/38	190	195,455
City of San Antonio Texas Electric & Gas Revenue, Refunding RB, 5.00%, 02/01/42	7,450	8,470,501
City of San Antonio Texas Electric & Gas Revenue, RB, Junior Lien, 5.00%, 02/01/38	1,450	1,592,274
County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 09/15/36 <sup>(c)</sup>	5,810	2,751,209
County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Cook Children's Medical Center, 5.25%, 12/01/39	2,095	2,311,413
Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series D, AMT, 5.00%, 11/01/38	10,980	11,773,854
Dallas-Fort Worth International Airport, Refunding ARB, Series F:		
5.25%, 11/01/33	2,745	3,086,643
5.00%, 11/01/35	5,000	5,297,250
Grand Parkway Transportation Corp., RB, Subordinate Tier, Tela Supported, Series A, 5.00%, 10/01/43	7,940	9,077,008
Grand Prairie ISD, GO, Refunding, CAB, 0.00%, 08/15/18 <sup>(b)(c)</sup>	10,000	5,131,100
Leander ISD, GO, Refunding, CAB, Series D (PSF-GTD), 0.00%, 08/15/38 <sup>(c)</sup>	9,685	4,109,636
North Texas Tollway Authority, RB, CAB, Special Project System, Series B, 0.00%, 09/01/31 <sup>(b)(c)</sup>	24,100	6,584,602
North Texas Tollway Authority, Refunding RB:		
1st Tier System, Series A, 6.00%, 01/01/19 <sup>(b)</sup>	5,100	5,197,869
1st Tier System, Series A, 6.00%, 01/01/28	1,175	1,195,375
1st Tier-Series A, 5.00%, 01/01/43	7,000	7,919,730
2nd Tier-Series B, 5.00%, 01/01/43	9,470	10,570,414
Series B, 5.00%, 01/01/40	1,710	1,861,438
San Antonio Independent School District, GO, (PSF-GTD), 5.00%, 08/15/43	10,000	11,233,100
San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing & Expansion Project, CAB <sup>(c)</sup> :		
0.00%, 09/15/35	680	315,697
0.00%, 09/15/36	12,195	5,335,312
0.00%, 09/15/37	8,730	3,594,316

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Texas Municipal Gas Acquisition & Supply Corp. III, RB, Natural Gas Utility Improvements:		
5.00%, 12/15/31	1,665	1,797,534
5.00%, 12/15/32	3,930	4,236,147
Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, AMT, Blueridge Transportation Group, 5.00%, 12/31/45		
	3,630	3,916,334
Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 08/15/41		
	11,345	12,165,697
		152,450,155
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Utah 0.4%</b>		
Salt Lake City Corp. Airport Revenue, ARB, Series A, AMT, 5.00%, 07/01/42	\$ 3,490	\$ 3,904,821
<b>Washington 4.6%</b>		
Port of Seattle Washington, ARB, AMT, Series A, 5.00%, 05/01/38	20,000	22,402,600
Port of Seattle Washington, RB, Intermediate Lien, Series C, AMT, 5.00%, 04/01/40	2,830	3,096,218
Washington Health Care Facilities Authority, RB:		
MultiCare Health System, Remarketing, Series B, 5.00%, 08/15/44	1,000	1,097,820
Providence Health & Services, Series A, 5.25%, 10/01/39	2,725	2,858,607
Washington Health Care Facilities Authority, Refunding RB:		
Catholic Health Initiatives, Series D, 6.38%, 10/01/36	5,400	5,436,396
Multicare Health System, Series B, 4.00%, 08/15/41	9,000	9,149,940
		44,041,581
<b>Wisconsin 2.2%</b>		
Public Finance Authority, RB, KU Campus Development Corp., Central District Development Project, 5.00%, 03/01/46		
	560	616,666
State of Wisconsin Health & Educational Facilities Authority, RB:		
Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33	3,745	3,887,797
Marshfield Clinic Health System, Inc. Series C, 4.00%, 02/15/42	5,000	5,003,500
Wisconsin Health & Educational Facilities Authority, Refunding RB, Ascension Health Credit Group, 5.00%, 11/15/35		
	10,000	11,305,000
		20,812,963
<b>Total Municipal Bonds 118.0%</b>		
<b>(Cost \$1,061,809,123)</b>		1,124,452,717
<b>Municipal Bonds Transferred to Tender Option Bond Trusts<sup>(e)</sup></b>		
<b>Arizona 1.0%</b>		
Arizona School Facilities Board, COP, (AGC), 5.13%, 09/01/18 <sup>(b)(f)</sup>	10,000	10,030,950
<b>California 4.3%</b>		
California State University, RB, Systemwide, Series A (AGM) <sup>(f)</sup> :		
5.00%, 11/01/33	199	199,363
5.00%, 11/01/33	5	5,217
City of Riverside California Electric Revenue, RB, Issue D (AGM), 5.00%, 10/01/38		
	20,000	20,110,950
	5,248	5,488,171

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 08/01/19 <sup>(b)</sup>		
Los Angeles Unified School District California, GO, Election of 2008, Series B-1, 5.25%, 07/01/42 <sup>(f)</sup>	7,074	8,432,452
San Diego California Community College District, GO, Election of 2002, 5.25%, 08/01/19 <sup>(b)</sup>	1,047	1,086,769
State of California, GO, Refunding, Various Purpose, 5.25%, 10/01/39	3,000	3,498,000
University of California, RB, Series O, 5.75%, 05/15/19 <sup>(b)</sup>	2,206	2,281,577
		41,102,499
<b>Colorado 0.3%</b>		
Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiatives, Series A, 5.50%, 07/01/34 <sup>(f)</sup>	2,469	2,533,170

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Connecticut 0.5%</b>		
State of Connecticut Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45	\$ 3,932	\$ 4,389,387
<b>District of Columbia 0.7%</b>		
District of Columbia, RB, Series A, 5.50%, 12/01/30 <sup>(f)</sup>	2,594	2,721,261
District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/18 <sup>(b)(f)</sup>	4,277	4,308,916
		7,030,177
<b>Florida 6.3%</b>		
City of Miami Beach Florida, RB, 5.00%, 09/01/45	8,760	9,722,768
City of Miami Beach Florida Stormwater Revenue, Refunding RB, 5.00%, 09/01/41	10,000	11,374,718
County of Miami-Dade Florida Transit System, Refunding RB, Sales Tax, 5.00%, 07/01/42	4,840	5,245,180
County of Miami-Dade Florida Water & Sewer System, RB, (AGM), 5.00%, 10/01/20 <sup>(b)</sup>	11,702	12,519,717
County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 08/01/19 <sup>(b)</sup>	12,013	12,481,524
County of Pinellas Florida School Board, COP, Master Lease Program, Series A, 5.00%, 07/01/41	7,880	8,855,189
		60,199,096
<b>Illinois 3.4%</b>		
State of Illinois, RB, Build Illinois, Series B, 5.25%, 06/15/19 <sup>(b)(f)</sup>	3,499	3,610,596
State of Illinois Toll Highway Authority, RB:		
Senior, Series C, 5.00%, 01/01/36	10,000	11,054,691
Series A, 5.00%, 01/01/38	5,836	6,380,688
Series A, 5.00%, 01/01/40	7,621	8,429,623
Series B, 5.00%, 01/01/40	2,939	3,266,357
		32,741,955
<b>Kansas 1.7%</b>		
County of Wyandotte Kansas Unified School District, GO, Series A, 5.50%, 09/01/47	13,470	15,945,398
<b>Massachusetts 0.5%</b>		
Commonwealth of Massachusetts, GO, Series A, 5.00%, 03/01/46	4,204	4,693,248
<b>Michigan 2.1%</b>		
Michigan Finance Authority, RB, Beaumont Health Credit Group, Series A, 5.00%, 11/01/44	5,591	6,127,177
Michigan State Building Authority, Refunding RB, Series I:		
Facilities Program, 5.00%, 10/15/45	2,410	2,690,837
5.00%, 04/15/38	10,000	11,224,509
		20,042,523

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

**Nevada 2.9%**

County of Clark Nevada, GO, Series A, 5.00%, 06/01/43	9,730	11,127,324
County of Clark Nevada Water Reclamation District, GO, Series B <sup>(b)</sup> : 5.50%, 07/01/19	510	528,321
5.75%, 07/01/19	4,813	4,998,670
Las Vegas Valley Water District Nevada, GO, Refunding, Water Improvement, Series A, 5.00%, 06/01/46	9,840	11,079,619
		27,733,934

**New Jersey 2.0%**

County of Hudson New Jersey Improvement Authority, RB, Hudson County Vocational-Technical Schools Project, 5.25%, 05/01/51	2,320	2,621,849
Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28	10,000	11,762,200
	<i>Par</i>	<i>Value</i>
<i>Security</i>	<i>(000)</i>	

**New Jersey (continued)**

New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 06/15/36 <sup>(f)</sup>	\$ 4,961	\$ 5,172,565
		19,556,614

**New York 7.9%**

City of New York Water & Sewer System, Refunding RB, Series DD, 5.00%, 06/15/35	4,740	5,350,465
City of New York Water & Sewer System, Refunding RB, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 06/15/47	15,521	17,359,357
Metropolitan Transportation Authority, RB, Transportation, Sub-Series D-1, 5.25%, 11/15/44	9,850	11,172,461
Metropolitan Transportation Authority, Refunding RB, Series C-1, 5.25%, 11/15/56	4,275	4,821,652
New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 03/15/43	14,280	15,745,449
Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 198th Series, 5.25%, 11/15/56	6,402	7,375,408
State of New York Dormitory Authority, RB, Group B, State Sales Tax, Series A, 5.00%, 03/15/39	7,622	8,669,784
Triborough Bridge & Tunnel Authority, RB, General, Series A-2 <sup>(f)</sup> : 5.25%, 11/15/18 <sup>(b)</sup>	1,684	1,702,650
5.25%, 11/15/18	2,816	2,847,457
		75,044,683

**Ohio 0.2%**

State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 01/01/34	1,520	1,545,931
---------------------------------------------------------------------------------------	-------	-----------

**Pennsylvania 0.3%**

County of Westmoreland Pennsylvania Municipal Authority, Refunding RB, (BAM), 5.00%, 08/15/42	2,560	2,841,421
--------------------------------------------------------------------------------------------------	-------	-----------

**Texas 3.5%**

Aldine Independent School District, GO, Refunding(PSF-GTD), 5.00%, 02/15/42	9,701	11,027,310
County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38	1,799	1,953,761
County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Texas Health Resources System, Series A, 5.00%, 02/15/41	9,840	10,990,148

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37 <sup>(f)</sup>	8,868	9,499,072
		33,470,291
<b>Virginia 1.5%</b>		
Hampton Roads Transportation Accountability Commission, RB, Transportation Fund, Senior Lien, Series A, 5.50%, 07/01/57	11,740	13,954,514
<b>Washington 1.8%</b>		
Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30	6,880	7,526,067
Washington Health Care Facilities Authority, Refunding RB, Seattle Children s Hospital, Series B, 5.00%, 10/01/38	8,205	9,511,482
		17,037,549
<b>Wisconsin 4.2%</b>		
State of Wisconsin, Refunding RB, Series A, 6.00%, 05/01/19 <sup>(b)</sup>	14,780	15,272,211

SCHEDULES OF INVESTMENTS

37

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Wisconsin (continued)</b>		
Wisconsin Health & Educational Facilities Authority, Refunding RB:		
Ascension Health Credit Group, 5.00%, 11/15/39	\$ 12,650	\$ 14,226,282
Froedtert & Community Health, Inc., Obligated Group, Series A, 5.00%, 04/01/42	2,490	2,665,184
Froedtert & Community Health, Inc., Obligated Group, Series C, 5.25%, 10/1/22 <sup>(b)(f)</sup>	7,459	7,645,884
		39,809,561
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts</b>	<b>45.1%</b>	
<b>(Cost \$421,904,028)</b>		429,702,901
<b>Total Long-Term Investments</b>	<b>163.1%</b>	
<b>(Cost \$1,483,713,151)</b>		1,554,155,618
	<i>Shares</i>	
<b>Short-Term Securities</b>	<b>1.5%</b>	
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.85% <sup>(g)(h)</sup>	14,318,158	14,321,022
<b>Total Short-Term Securities</b>	<b>1.5%</b>	
<b>(Cost \$14,320,603)</b>		14,321,022
<b>Total Investments</b>	<b>164.6%</b>	
<b>(Cost \$1,498,033,754)</b>		1,568,476,640
<b>Other Assets Less Liabilities</b>	<b>0.4%</b>	2,881,315
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable</b>	<b>(27.6)%</b>	(262,604,834)
<b>VRDP Shares at Liquidation Value, Net of Deferred Offering Costs</b>	<b>(37.4)%</b>	(355,942,913)
<b>Net Assets Applicable to Common Shares</b>	<b>100.0%</b>	\$ 952,810,208

(a) When-issued security.

(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) Zero-coupon bond.

(d) 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.

(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)

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 September 1, 2018 to November 15, 2034, is \$33,040,596. See Note 4 of the Notes to Financial Statements for details.

(g) Annualized 7-day yield as of period end.

(h) During the year ended July 31, 2018, 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:

<i>Affiliate</i>	<i>Shares Held at 07/31/17</i>	<i>Net Activity</i>	<i>Shares Held at 07/31/18</i>	<i>Value at 07/31/18</i>	<i>Income</i>	<i>Gain (Loss)</i>	<i>Change in Net Unrealized Appreciation (Depreciation)</i>
BlackRock Liquidity Funds, MuniCash, Institutional Class	10,345,820	3,972,338	14,318,158	\$ 14,321,022	\$ 152,971	\$ (1,200)	\$ (2,123)

(a) Includes net capital gain distributions, if applicable.

#### Derivative Financial Instruments Outstanding as of Period End

##### Futures Contracts

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value/ Unrealized Appreciation (Depreciation)</i>
<b>Short Contracts:</b>				
10-Year U.S. Treasury Note	189	09/19/18	\$ 22,571	\$ 36,790
Long U.S. Treasury Bond	393	09/19/18	56,187	(181,936)
5-Year U.S. Treasury Note	71	09/28/18	8,032	8,552
				\$ (136,594)



Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

July 31, 2018

**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:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Assets Derivative Financial Instruments</b>							
Futures contracts							
Net unrealized appreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 45,342	\$	\$ 45,342
<b>Liabilities Derivative Financial Instruments</b>							
Futures contracts							
Net unrealized depreciation <sup>(a)</sup>	\$	\$	\$	\$	\$ 181,936	\$	\$ 181,936

<sup>(a)</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, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Futures contracts	\$	\$	\$	\$	\$ 4,686,218	\$	\$ 4,686,218
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>							
Futures contracts	\$	\$	\$	\$	\$ 13,365	\$	\$ 13,365

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

Futures contracts:

Average notional value of contracts short \$ 82,441,813

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments <sup>(a)</sup>	\$	\$ 1,554,155,618	\$	\$ 1,554,155,618
Short-Term Securities	14,321,022			14,321,022
	\$ 14,321,022	\$ 1,554,155,618	\$	\$ 1,568,476,640
Derivative Financial Instruments <sup>(b)</sup>				
Assets:				
Interest rate contracts	\$ 45,342	\$	\$	\$ 45,342
Liabilities:				
Interest rate contracts	(181,936)			(181,936)
	\$ (136,594)	\$	\$	\$ (136,594)

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

<sup>(b)</sup> Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**

July 31, 2018

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities:				
TOB Trust Certificates	\$	\$ (261,701,637)	\$	\$ (261,701,637)
VRDP Shares at Liquidation Value		(356,400,000)		(356,400,000)
	\$	\$ (618,101,637)	\$	\$ (618,101,637)

During the year ended July 31, 2018, there were no transfers between levels.

*See notes to financial statements.*

## Statements of Assets and Liabilities

July 31, 2018

	MUE	MCA	MYN	MYI
<b>ASSETS</b>				
Investments at value unaffiliated <sup>(d)</sup>	\$ 480,735,809	\$ 911,447,614	\$ 895,296,164	\$ 1,554,155,618
Investments at value affiliated <sup>(d)</sup>	2,902,034	349,797	2,731,868	14,321,022
Cash pledged for futures contracts	107,800	527,750	413,350	865,600
Receivables:				
Interest unaffiliated	5,330,798	12,741,635	9,080,708	16,788,050
Investments sold		1,030,524		2,076,620
Dividends affiliated	8,309	2,110	4,272	15,703
TOB Trust		7,614,997		
Prepaid expenses	18,252	22,240	23,317	32,581
Total assets	489,103,002	933,736,667	907,549,679	1,588,255,194
<b>ACCRUED LIABILITIES</b>				
Bank overdraft	221,528	207,228	351,945	468,566
Payables:				
Investments purchased	2,324,465	23,540,442		11,335,850
Income dividend distributions Common Shares	1,216,121	1,789,097	1,682,430	3,441,609
Investment advisory fees	219,166	381,448	383,254	662,026
Other accrued expenses	171,375	242,037	242,188	353,299
Interest expense and fees	124,148	899,452	391,303	903,197
Directors and Officer s fees	2,809	293,919	309,225	532,332
Variation margin on futures contracts	9,948	61,179	44,288	103,557
Total accrued liabilities	4,289,560	27,414,802	3,404,633	17,800,436
<b>OTHER LIABILITIES</b>				
TOB Trust Certificates	48,546,402	214,550,309	113,019,665	261,701,637
VMTP Shares, at liquidation value of \$100,000 per share <sup>(c)(d)</sup>	131,000,000			
VRDP Shares, at liquidation value of \$100,000 per share, net of deferred offering costs <sup>(c)(d)</sup>		166,239,598	247,353,472	355,942,913
Total other liabilities	179,546,402	380,789,907	360,373,137	617,644,550
Total liabilities	183,835,962	408,204,709	363,777,770	635,444,986
<b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>				
	\$ 305,267,040	\$ 525,531,958	\$ 543,771,909	\$ 952,810,208

**NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS CONSIST OF**

Paid-in capital <sup>(e)(f)</sup>	\$ 290,717,417	\$ 493,026,986	\$ 524,464,224	\$ 885,376,588
Undistributed net investment income	836,903	945,392	2,205,494	4,983,874
Undistributed net realized gain (accumulated net realized loss)	(9,190,948)	517,573	(17,556,482)	(7,856,546)
Net unrealized appreciation (depreciation)	22,903,668	31,042,007	34,658,673	70,306,292

**NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS**

	\$ 305,267,040	\$ 525,531,958	\$ 543,771,909	\$ 952,810,208
--	----------------	----------------	----------------	----------------

Net asset value, per Common Share	\$ 13.55	\$ 15.27	\$ 13.74	\$ 13.98
-----------------------------------	----------	----------	----------	----------

(a) Investments at cost unaffiliated	\$ 457,906,884	\$ 880,473,293	\$ 860,574,764	\$ 1,483,713,151
(b) Investments at cost affiliated	\$ 2,901,745	\$ 349,772	\$ 2,731,507	\$ 14,320,603
(c) Preferred Shares outstanding, par value \$0.10 per share	1,310	1,665	2,477	3,564
(d) Preferred Shares authorized	9,490	12,665	14,637	26,364
(e) Common Shares outstanding, par value \$0.10 per share	22,520,759	34,405,717	39,586,584	68,150,681
(f) Common Shares authorized.	199,990,510	199,987,335	199,985,363	199,973,636

*See notes to financial statements.*

## Statements of Operations

Year Ended July 31, 2018

	MUE	MCA	MYN	MYI
<b>INVESTMENT INCOME</b>				
Interest unaffiliated	\$ 22,320,530	\$ 34,923,852	\$ 34,834,011	\$ 66,772,412
Dividends affiliated	26,455	29,655	55,648	152,971
Total investment income	22,346,985	34,953,507	34,889,659	66,925,383
<b>EXPENSES</b>				
Investment advisory	2,772,773	4,491,304	4,573,765	7,914,915
Professional	79,202	92,568	103,222	135,084
Accounting services	76,548	114,606	116,840	167,520
Rating agency	41,684	41,745	41,884	42,071
Transfer agent	30,028	34,377	42,116	74,077
Directors and Officer	28,337	59,961	62,529	109,160
Custodian	25,708	32,626	37,379	58,133
Printing	12,977	14,850	15,247	18,866
Registration	9,429	13,304	15,287	26,847
Miscellaneous	24,141	44,453	38,932	57,128
Total expenses excluding interest expense, fees and amortization of offering costs	3,100,827	4,939,794	5,047,201	8,603,801
Interest expense, fees and amortization of offering costs <sup>(a)</sup>	3,899,353	6,924,263	7,065,505	11,871,250
Total expenses	7,000,180	11,864,057	12,112,706	20,475,051
Less fees waived by the Manager	(135,061)	(3,130)	(5,363)	(14,922)
Total expenses after fees waived	6,865,119	11,860,927	12,107,343	20,460,129
Net investment income	15,481,866	23,092,580	22,782,316	46,465,254
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized gain (loss) from:				
Investments unaffiliated	(136,179)	(110,456)	247,136	1,940,721
Investments affiliated	1,908	(548)	(2,293)	(6,965)
Futures contracts	1,205,493	3,023,214	2,598,389	4,686,218
Capital gain distributions from investment companies affiliated	846	498	2,367	5,765

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

	1,072,068	2,912,708	2,845,599	6,625,739
Net change in unrealized appreciation (depreciation) on:				
Investments unaffiliated	(14,703,887)	(18,438,439)	(22,630,572)	(36,609,985)
Investments affiliated	289	(29)	(35)	(2,123)
Futures contracts	95,462	143,994	28,929	13,365
	(14,608,136)	(18,294,474)	(22,601,678)	(36,598,743)
Net realized and unrealized loss	(13,536,068)	(15,381,766)	(19,756,079)	(29,973,004)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS	\$ 1,945,798	\$ 7,710,814	\$ 3,026,237	\$ 16,492,250

(a) Related to TOB Trusts, VMTP Shares and/or VRDP Shares.  
See notes to financial statements.

## Statements of Changes in Net Assets

	MUE		MCA	
	Year Ended July 31,		Year Ended July 31,	
	2018	2017	2018	2017
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>				
<b>OPERATIONS</b>				
Net investment income	\$ 15,481,866	\$ 16,780,598	\$ 23,092,580	\$ 25,202,616
Net realized gain (loss)	1,072,068	1,224,001	2,912,708	(3,261)
Net change in unrealized appreciation (depreciation)	(14,608,136)	(20,793,364)	(18,294,474)	(32,315,965)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	1,945,798	(2,788,765)	7,710,814	(7,116,610)
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS<sup>(a)</sup></b>				
From net investment income	(16,169,915)	(17,291,692)	(23,481,902)	(26,836,468)
From net realized gain				(1,659,457)
Decrease in net assets resulting from distributions to shareholders	(16,169,915)	(17,291,692)	(23,481,902)	(28,495,925)
<b>CAPITAL SHARE TRANSACTIONS</b>				
Reinvestment of common distributions	78,607			151,954
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>				
Total decrease in net assets applicable to Common Shareholders	(14,145,510)	(20,080,457)	(15,771,088)	(35,460,581)
Beginning of year	319,412,550	339,493,007	541,303,046	576,763,627
End of year	\$ 305,267,040	\$ 319,412,550	\$ 525,531,958	\$ 541,303,046
Undistributed net investment income, end of year	\$ 836,903	\$ 1,647,251	\$ 945,392	\$ 1,354,786

<sup>(a)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations. See notes to financial statements.





## Statements of Changes in Net Assets (continued)

	MYN Year Ended July 31, 2018		MYI Year Ended July 31, 2018	
	2018	2017	2018	2017
<i>INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>				
<b>OPERATIONS</b>				
Net investment income	\$ 22,782,316	\$ 25,426,197	\$ 46,465,254	\$ 52,485,913
Net realized gain	2,845,599	3,142,849	6,625,739	3,162,460
Net change in unrealized appreciation (depreciation)	(22,601,678)	(35,166,270)	(36,598,743)	(69,166,719)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	3,026,237	(6,597,224)	16,492,250	(13,518,346)
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS<sup>(a)</sup></b>				
From net investment income	(23,456,159)	(25,728,944)	(50,233,328)	(55,560,635)
<b>CAPITAL SHARE TRANSACTIONS</b>				
Reinvestment of common distributions			957,599	1,440,983
<i>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>				
Total decrease in net assets applicable to Common Shareholders	(20,429,922)	(32,326,168)	(32,783,479)	(67,637,998)
Beginning of year	564,201,831	596,527,999	985,593,687	1,053,231,685
End of year	\$ 543,771,909	\$ 564,201,831	\$ 952,810,208	\$ 985,593,687
Undistributed net investment income, end of year	\$ 2,205,494	\$ 3,038,136	\$ 4,983,874	\$ 9,041,071

<sup>(a)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.  
See notes to financial statements.

## Statements of Cash Flows

Year Ended July 31, 2018

	MUE	MCA	MYN	MYI
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Net increase in net assets resulting from operations	\$ 1,945,798	\$ 7,710,814	\$ 3,026,237	\$ 16,492,250
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:				
Proceeds from sales of long-term investments and principal paydowns	118,241,096	219,995,500	129,285,385	335,434,927
Purchases of long-term investments	(103,912,150)	(240,152,725)	(137,028,731)	(341,627,962)
Net proceeds from sales (purchases) of short-term securities	(2,572,314)	195,418	1,227,869	(3,980,152)
Amortization of premium and accretion of discount on investments and other fees	2,121,958	6,055,840	5,629,746	793,638
Net realized (gain) loss on investments	134,271	111,004	(244,843)	(1,933,756)
Net unrealized depreciation on investments	14,703,598	18,438,468	22,630,607	36,612,108
<b>(Increase) decrease in assets:</b>				
Receivables:				
Interest unaffiliated	76,804	8,862	(384,839)	(113,462)
Dividends affiliated	(8,194)	3,465	326	(6,394)
Variation margin on futures contracts	11,016	32,766	39,641	69,039
Prepaid expenses	(708)	(596)	(684)	(732)
<b>Increase (decrease) in liabilities:</b>				
Payables:				
Investment advisory fees	(231,993)	(370,901)	(389,375)	(665,094)
Interest expense and fees	19,313	358,651	131,229	293,382
Directors and Officers	(1,702)	6,652	6,805	12,419
Variation margin on futures contracts	9,948	61,179	44,288	103,557
Other accrued expenses	(35,827)	(33,256)	(51,294)	(87,489)
Net cash provided by operating activities	30,500,914	12,421,141	23,922,367	41,396,279
<b>CASH USED FOR FINANCING ACTIVITIES</b>				
Proceeds from TOB Trust Certificates	3,077,500	33,457,214	12,675,614	59,588,544
Repayments of TOB Trust Certificates	(17,372,416)	(22,009,482)	(13,030,029)	(50,817,403)
Proceeds from Loan for TOB Trust Certificates	1,277,500	924,483	2,727,906	1,306,428
Repayments of Loan for TOB Trust Certificates	(1,277,500)	(924,483)	(2,727,906)	(1,306,428)
Cash dividends paid to Common Shareholders	(16,316,161)	(23,929,176)	(23,911,405)	(50,463,888)
Increase (decrease) in bank overdraft	16,163	(23,135)	9,237	(24,535)
Amortization of deferred offering costs		11,438	15,216	20,003

Net cash used for financing activities	(30,594,914)	(12,493,141)	(24,241,367)	(41,697,279)
----------------------------------------	--------------	--------------	--------------	--------------

**CASH**

Net decrease in restricted and unrestricted cash	(94,000)	(72,000)	(319,000)	(301,000)
Restricted and unrestricted cash at beginning of year	201,800	599,750	732,350	1,166,600
Restricted and unrestricted cash at end of year	\$ 107,800	\$ 527,750	\$ 413,350	\$ 865,600

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for interest expense	\$ 3,880,040	\$ 6,554,174	\$ 6,919,060	\$ 11,557,865
------------------------------------------------	--------------	--------------	--------------	---------------

**NON-CASH FINANCING ACTIVITIES**

Capital shares issued in reinvestment of distributions paid to Common Shareholders	\$ 78,607	\$	\$	\$ 957,599
------------------------------------------------------------------------------------	-----------	----	----	------------

**RECONCILIATION OF RESTRICTED AND UNRESTRICTED CASH AT THE END OF YEAR TO THE STATEMENTS OF ASSETS AND LIABILITIES**

Cash pledged:				
Futures contracts	\$ 107,800	\$ 527,750	\$ 413,350	\$ 865,600

**RECONCILIATION OF RESTRICTED AND UNRESTRICTED CASH AT THE BEGINNING OF YEAR TO THE STATEMENTS OF ASSETS AND LIABILITIES**

Cash pledged:				
Futures contracts	\$ 201,800	\$ 599,750	\$ 732,350	\$ 1,166,600

*See notes to financial statements.*

## Financial Highlights

(For a share outstanding throughout each period)

	MUE				
	Year Ended July 31,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b>	\$ 14.19	\$ 15.08	\$ 14.48	\$ 14.42	\$ 13.27
Net investment income <sup>(a)</sup>	0.69	0.75	0.78	0.80	0.82
Net realized and unrealized gain (loss)	(0.61)	(0.87)	0.63	0.09	1.18
Net increase (decrease) from investment operations	0.08	(0.12)	1.41	0.89	2.00
Distributions to Common Shareholders from net investment income <sup>(b)</sup>	(0.72)	(0.77)	(0.81)	(0.83)	(0.85)
<b>Net asset value, end of year</b>	\$ 13.55	\$ 14.19	\$ 15.08	\$ 14.48	\$ 14.42
<b>Market price, end of year</b>	\$ 12.36	\$ 14.17	\$ 14.94	\$ 13.13	\$ 12.94
<b>Total Return Applicable to Common Shareholders<sup>(c)</sup></b>					
Based on net asset value	0.87%	(0.50)%	10.33%	6.84%	16.19%
Based on market price	(7.85)%	0.29%	20.55%	7.96%	12.30%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>					
Total expenses	2.24%	1.96%	1.56%	1.50%	1.61%
Total expenses after fees waived and paid indirectly	2.20%	1.92%	1.55%	1.49%	1.56%
Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and amortization of offering costs <sup>(d)</sup>	0.95%	0.95%	0.95%	0.96%	0.95%
Net investment income to Common Shareholders	4.96%	5.21%	5.32%	5.41%	6.01%
<b>Supplemental Data</b>					
Net assets applicable to Common Shareholders, end of year (000)	\$ 305,267	\$ 319,413	\$ 339,493	\$ 325,911	\$ 324,563
	\$ 131,000	\$ 131,000	\$ 131,000	\$ 131,000	\$ 131,000

VMTP Shares outstanding at \$100,000  
liquidation value, end of year (000)

Asset coverage per VMTP Shares at \$100,000  
liquidation value, end of year

Borrowings outstanding, end of year (000)

Portfolio turnover rate

\$ 333,028	\$ 343,826	\$ 359,155	\$ 348,787	\$ 347,758
\$ 48,546	\$ 62,841	\$ 57,549	\$ 51,795	\$ 52,497
21%	19%	15%	13%	28%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) 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 at actual reinvestment prices.

(d) 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.

*See notes to financial statements.*

## Financial Highlights (continued)

(For a share outstanding throughout each period)

	MCA				
	Year Ended July 31,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b>	\$ 15.73	\$ 16.77	\$ 16.11	\$ 16.14	\$ 14.83
Net investment income <sup>(a)</sup>	0.67	0.73	0.81	0.83	0.87
Net realized and unrealized gain (loss)	(0.45)	(0.94)	0.70	0.02	1.35
Net increase (decrease) from investment operations	0.22	(0.21)	1.51	0.85	2.22
<b>Distributions to Common Shareholders<sup>(b)</sup></b>					
From net investment income	(0.68)	(0.78)	(0.85)	(0.88)	(0.91)
From net realized gain		(0.05)			
Total distributions	(0.68)	(0.83)	(0.85)	(0.88)	(0.91)
<b>Net asset value, end of year</b>	\$ 15.27	\$ 15.73	\$ 16.77	\$ 16.11	\$ 16.14
<b>Market price, end of year</b>	\$ 13.30	\$ 15.18	\$ 16.75	\$ 14.71	\$ 14.37
<b>Total Return Applicable to Common Shareholders<sup>(c)</sup></b>					
Based on net asset value	1.86%	(0.92)%	9.84%	5.76%	16.04%
Based on market price	(8.07)%	(4.26)%	20.15%	8.47%	12.16%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>					
Total expenses	2.22%	1.91%	1.46%	1.32%	1.40%
Total expenses after fees waived	2.22%	1.91%	1.46%	1.32%	1.40%
Total expenses after fees waived and excluding interest expense, fees and amortization of offering costs <sup>(d)</sup>	0.93%	0.92%	0.89%	0.86%	0.90%
Net investment income to Common Shareholders	4.33%	4.64%	4.94%	5.09%	5.63%
<b>Supplemental Data</b>					
Net assets applicable to Common Shareholders, end of year (000)	\$ 525,532	\$ 541,303	\$ 576,764	\$ 554,060	\$ 555,127

VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)	\$ 166,500	\$ 166,500	\$ 166,500	\$ 166,500	\$ 166,500
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year	\$ 415,635	\$ 425,107	\$ 446,404	\$ 432,769	\$ 433,410
Borrowings outstanding, end of year (000)	\$ 214,550	\$ 195,488	\$ 176,433	\$ 172,574	\$ 127,397
Portfolio turnover rate	25%	37%	23%	36%	15%

- (a) Based on average Common Shares outstanding.
- (b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
- (c) 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 at actual reinvestment prices.
- (d) 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.
- See notes to financial statements.*



## Financial Highlights (continued)

(For a share outstanding throughout each period)

	MYN				
	Year Ended July 31,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b>	\$ 14.25	\$ 15.07	\$ 14.16	\$ 14.09	\$ 13.17
Net investment income <sup>(a)</sup>	0.58	0.64	0.70	0.75	0.78
Net realized and unrealized gain (loss)	(0.50)	(0.81)	0.94	0.09	0.97
Net increase (decrease) from investment operations	0.08	(0.17)	1.64	0.84	1.75
Distributions to Common Shareholders from net investment income <sup>(b)</sup>	(0.59)	(0.65)	(0.73)	(0.77)	(0.83)
<b>Net asset value, end of year</b>	\$ 13.74	\$ 14.25	\$ 15.07	\$ 14.16	\$ 14.09
<b>Market price, end of year</b>	\$ 11.89	\$ 13.26	\$ 14.40	\$ 13.13	\$ 12.71
<b>Total Return Applicable to Common Shareholders<sup>(c)</sup></b>					
Based on net asset value	1.07%	(0.69)%	12.19%	6.54%	14.21%
Based on market price	(6.00)%	(3.29)%	15.60%	9.52%	9.95%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>					
Total expenses	2.19%	1.93%	1.51%	1.44%	1.50%
Total expenses after fees waived and paid indirectly	2.19%	1.93%	1.50%	1.44%	1.50%
Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and amortization of offering costs <sup>(d)</sup>	0.91%	0.92%	0.89%	0.89%	0.91%
Net investment income to Common Shareholders	4.11%	4.52%	4.79%	5.22%	5.82%
<b>Supplemental Data</b>					
Net assets applicable to Common Shareholders, end of year (000)	\$ 543,772	\$ 564,202	\$ 596,528	\$ 560,372	\$ 557,606
	\$ 247,700	\$ 247,700	\$ 247,700	\$ 247,700	\$ 247,700

VRDP Shares outstanding at \$100,000  
liquidation value, end of year (000)

Asset coverage per VRDP Shares at \$100,000  
liquidation value, end of year

Borrowings outstanding, end of year (000)

Portfolio turnover rate

\$ 319,528	\$ 327,776	\$ 340,827	\$ 326,230	\$ 325,114
\$ 113,020	\$ 113,374	\$ 112,712	\$ 93,113	\$ 89,734
14%	13%	15%	20%	18%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) 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 at actual reinvestment prices.

(d) Interest expense, fees and amortization of offering costs related to TOBs and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.

*See notes to financial statements.*

## Financial Highlights (continued)

(For a share outstanding throughout each period)

	MYI				
	Year Ended July 31,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b>	\$ 14.48	\$ 15.49	\$ 14.79	\$ 14.84	\$ 13.64
Net investment income <sup>(a)</sup>	0.68	0.77	0.84	0.87	0.89
Net realized and unrealized gain (loss)	(0.44)	(0.96)	0.74	(0.03)	1.18
Net increase (decrease) from investment operations	0.24	(0.19)	1.58	0.84	2.07
Distributions to Common Shareholders from net investment income <sup>(b)</sup>	(0.74)	(0.82)	(0.88)	(0.89)	(0.87)
<b>Net asset value, end of year</b>	\$ 13.98	\$ 14.48	\$ 15.49	\$ 14.79	\$ 14.84
<b>Market price, end of year</b>	\$ 12.46	\$ 14.66	\$ 15.63	\$ 14.04	\$ 13.46
<b>Total Return Applicable to Common Shareholders<sup>(c)</sup></b>					
Based on net asset value	2.02%	(1.02)%	11.08%	6.12%	16.23%
Based on market price	(10.18)%	(0.69)%	18.07%	11.06%	12.35%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>					
Total expenses	2.11%	1.85%	1.45%	1.39%	1.47%
Total expenses after fees waived and paid indirectly	2.11%	1.84%	1.45%	1.39%	1.47%
Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and amortization of offering costs <sup>(d)</sup>	0.89%	0.89%	0.88%	0.88%	0.91%
Net investment income to Common Shareholders	4.79%	5.30%	5.60%	5.78%	6.35%
<b>Supplemental Data</b>					
Net assets applicable to Common Shareholders, end of year (000)	\$ 952,810	\$ 985,594	\$ 1,053,232	\$ 1,003,621	\$ 1,007,291

Edgar Filing: BLACKROCK MUNIYIELD QUALITY FUND III, INC. - Form N-CSR

VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)	\$ 356,400	\$ 356,400	\$ 356,400	\$ 356,400	\$ 356,400
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year	\$ 367,343	\$ 376,541	\$ 395,520	\$ 381,600	\$ 382,629
Borrowings outstanding, end of year (000)	\$ 261,702	\$ 252,930	\$ 261,803	\$ 244,245	\$ 262,507
Portfolio turnover rate	22%	16%	10%	11%	15%

(a) Based on average Common Shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) 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 at actual reinvestment prices.

(d) 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.

*See notes to financial statements.*

## Notes to Financial Statements

**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 as a Fund :

<i>Fund Name</i>	<i>Herein Referred To As</i>	<i>Organized</i>	<i>Diversification Classification</i>
BlackRockMuniHoldings Quality Fund II, Inc.	MUE	Maryland	Diversified
BlackRockMuniYield California Quality Fund, Inc.	MCA	Maryland	Diversified
BlackRockMuniYield New York Quality Fund, Inc.	MYN	Maryland	Non-diversified
BlackRockMuniYield Quality Fund III, Inc.	MYI	Maryland	Diversified

The Board 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 net asset values ( 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:

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

**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.

**Distributions:** Distributions from net investment income are declared 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 U.S. 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 the Directors' and Officer's 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.

**Recent Accounting Standards:** In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update Premium Amortization of Purchased Callable Debt Securities which amends the amortization period for certain purchased callable debt securities. Under the new guidance, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. The guidance will be applied on a modified retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Funds.

**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.

**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.

### **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

## Notes to Financial Statements (continued)

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 of Directors of each Fund (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 are 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

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 privately held companies or funds. 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.

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:** Certain 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 issues two classes of beneficial interests: short-term floating rate interests (TOB Trust Certificates), which are sold to





## Notes to Financial Statements (continued)

third party investors, and residual inverse floating rate interests ( TOB Residuals ), which are issued to the participating funds that contributed the municipal bonds to the TOB Trust. The TOB Trust Certificates have interest rates that 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 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 a 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 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 are remarketed by a Remarketing Agent. In the event of a failed remarketing, 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 number of days the loan is outstanding.

The TOB Trust may be collapsed without the consent of a fund, upon the occurrence of a termination event as defined in the TOB Trust agreement. Upon the occurrence of a termination event, a 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. Upon certain termination events, TOB Trust Certificates holders will be paid before the TOB Residuals holders (i.e., the Funds) whereas in other termination events, TOB Trust Certificates holders and TOB Residuals holders will be paid pro rata.

While a fund's investment policies and restrictions expressly permit investments in inverse floating rate securities, such as TOB Residuals, they restrict the ability of a fund to borrow money for purposes of making investments. MCA, MYN and MYI's management believes that the 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 Certificates, less certain transaction expenses, is paid to a fund. A fund typically invests the cash received in additional municipal bonds.

**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.

	<i>Interest Expense</i>	<i>Liquidity Fees</i>	<i>Other Expenses</i>	<i>Total</i>
MUE	\$ 724,161	\$ 264,000	\$ 96,289	\$ 1,084,450
MCA	2,358,003	913,575	277,003	3,548,581
MYN	1,340,170	516,245	181,742	2,038,157
MYI	3,072,356	1,169,283	378,637	4,620,276

For the year ended July 31, 2018, the following table is a summary of each fund's TOB Trusts:

	<i>Underlying Municipal Bonds Transferred to TOB Trusts<sup>(a)</sup></i>	<i>Liability for TOB Trust Certificates<sup>(b)</sup></i>	<i>Range of Interest Rates on TOB Trust Certificates at Period End</i>	<i>Average Daily Weighted TOB Trust Average Rate of Interest and Other Expenses on TOB Trusts</i>
MUE	\$ 82,337,276	\$ 48,546,402	0.94% 1.12%	\$ 60,878,521 1.78%
MCA	433,922,556	214,550,309	0.90 1.04	198,587,532 1.79
MYN	210,432,792	113,019,665	0.96 1.09	112,925,058 1.81
MYI	429,702,901	261,701,637	0.90 1.58	256,681,164 1.80

<sup>(a)</sup> 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.

<sup>(b)</sup> TOB Trusts may be 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 to allow the TOB Trust to repurchase TOB Trust Certificates. The Liquidity Provider will be reimbursed from the liquidation of bonds held in the TOB Trust. If a fund invests in a TOB Trust on a recourse basis, a fund enters into a reimbursement agreement with the Liquidity Provider where a fund is required to reimburse the Liquidity Provider for any shortfall between the amount paid by the Liquidity Provider and proceeds received from liquidation of municipal bonds held in the TOB Trust (the "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 July 31, 2018, 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 July 31, 2018.



## Notes to Financial Statements (continued)

For the year ended July 31, 2018, the following table is a summary of each fund's Loan for TOB Trust Certificates:

	<i>Range of Interest Rates on Loans</i>	<i>Range of Interest Rates on Loans at Period End</i>	<i>Average Loans Outstanding</i>	<i>Daily Weighted Average Rate of Interest and Other Expenses on Loans</i>
	<i>Outstanding at Period End</i>	<i>Period End</i>	<i>Outstanding</i>	<i>on Loans</i>
MUE	\$	%	\$ 42,000	0.78%
MCA			4,135	0.82
MYN			29,895	0.78
MYI			21,142	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 over-the-counter (OTC).

**Futures Contracts:** Futures contracts are purchased or sold 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. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts on the Statements of Assets and Liabilities.

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 notional amount of the contract at the time it was opened and the notional amount 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 and administration 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 following percentages of the average daily value of each Fund s net assets:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Investment advisory fees	0.55%	0.50%	0.50%	0.50%

For purposes of calculating these fees, net assets mean the total assets of a Fund minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of any outstanding 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:** With respect to each Fund, 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 and/or reimbursed by the Manager in the Statements of Operations. For the year ended July 31, 2018, the amounts waived were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Amounts waived	\$ 2,443	\$ 3,130	\$ 5,363	\$ 14,922

The Manager contractually agreed to waive its investment advisory fee with respect to any portion of each Fund s assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through June 30, 2019. 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. For the year ended July 31, 2018, there were no such fees waived by the Manager.

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 any outstanding preferred shares). This amount is included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended July 31, 2018, the waiver was \$132,618.



## Notes to Financial Statements (continued)

**Directors and Officers:** Certain Directors and/or officers of the Funds are directors and/or officers 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 Directors and Officer in the Statements of Operations.

**7. PURCHASES AND SALES**

For the year ended July 31, 2018, purchases and sales of investments, excluding short-term securities, were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Purchases	\$ 102,616,066	\$ 251,296,537	\$ 137,028,731	\$ 352,963,812
Sales	118,241,096	221,026,024	126,513,874	337,511,547

**8. INCOME TAX INFORMATION**

It is each Fund's 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 its taxable income to its shareholders. Therefore, no U.S. 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, 2018. 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 July 31, 2018, 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.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to amortization methods on fixed income securities, non-deductible expenses, the expiration of capital loss carryforwards, distributions received from a regulated investment company and the sale of bonds received from tender option bond trusts were reclassified to the following accounts:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Paid-in capital	\$ (6,013,125)	\$ (11,437)	\$ (3,385,407)	\$ (19,280,254)
Undistributed net investment income	(122,299)	(20,072)	(158,799)	(289,123)
Undistributed net realized gain (accumulated net realized loss)	6,135,424	31,509	3,544,206	19,569,377

The tax character of distributions paid was as follows:



	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Tax-exempt income <sup>(a)</sup>				
7/31/2018	\$ 18,983,391	\$ 26,844,165	\$ 28,395,849	\$ 57,063,439
7/31/2017	19,532,177	29,457,340	29,637,043	61,268,578
Ordinary income <sup>(b)</sup>				
7/31/2018	799	1,972	70,129	387,234
7/31/2017		1,247,453	85,038	32,524
Long-term capital gains				
7/31/2018				
7/31/2017		528,936		
Total				
7/31/2018	\$ 18,984,190	\$ 26,846,137	\$ 28,465,978	\$ 57,450,673
7/31/2017	\$ 19,532,177	\$ 31,233,729	\$ 29,722,081	\$ 61,301,102

(a) The Funds designate these amounts paid during the fiscal year ended July 31, 2018, as exempt-interest dividends.

(b) Ordinary income consists primarily of taxable income recognized from market discount. Additionally, all ordinary income distributions are comprised of interest related dividends for non-US residents and are eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

As of period end, the tax components of accumulated net earnings (losses) were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Undistributed tax-exempt income	\$ 276,096	\$ 458,004	\$ 723,732	\$ 797,577
Undistributed ordinary income	1,434	4,554	6,244	6,733
Capital loss carryforwards	(8,359,275)		(15,426,252)	
Undistributed long-term capital gains		1,653,281		
Net unrealized gains <sup>(a)</sup>	22,631,368	30,389,133	34,003,961	66,629,310
	\$ 14,549,623	\$ 32,504,972	\$ 19,307,685	\$ 67,433,620

(a) The difference between book-basis and tax-basis net unrealized gains was attributable primarily to the tax deferral of losses on wash sales and straddles, amortization methods of premiums and discounts on fixed income securities, the realization for tax purposes of unrealized gains/losses on certain futures contracts, the treatment of residual interests in tender option bond trusts and the deferral of compensation to Directors.

## Notes to Financial Statements (continued)

As of July 31, 2018, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

<i>Expires July 31,</i>	<i>MUE</i>	<i>MYN</i>
No expiration date <sup>(a)</sup>	\$ 8,359,275	\$ 14,138,506
2019		1,287,746
	\$ 8,359,275	\$ 15,426,252

<sup>(a)</sup> Must be utilized prior to losses subject to expiration.

During the year ended July 31, 2018, the Funds listed below utilized the following amounts of their respective capital loss carryforward:

<i>MUE</i>	<i>MYN</i>	<i>MYI</i>
\$ 1,161,203	\$3,041,272	\$ 7,429,357

As of July 31, 2018, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	<i>MUE</i>	<i>MCA</i>	<i>MYN</i>	<i>MYI</i>
Tax cost	\$ 412,458,445	\$ 666,565,327	\$ 750,698,675	\$ 1,239,619,455
Gross unrealized appreciation	\$ 23,442,453	\$ 31,764,571	\$ 36,851,853	\$ 74,731,832
Gross unrealized depreciation	(809,457)	(1,082,796)	(2,542,161)	(7,576,284)
Net unrealized appreciation (depreciation)	\$ 22,632,996	\$ 30,681,775	\$ 34,309,692	\$ 67,155,548