

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

Form N-Q

December 21, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY**

Investment Company Act file number 811-06540

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 07/31/2018

Date of reporting period: 10/31/2017

Item 1 Schedule of Investments

Schedule of Investments (unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| Municipal Bonds | | |
| Alabama 1.0% | | |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 06/01/19 ^(a) | \$ 3,605 | \$ 3,875,663 |
| County of Tuscaloosa Board of Education, RB, Special Tax School Warrants, 5.00%, 02/01/43 | 2,485 | 2,844,754 |
| Homewood Educational Building Authority, Refunding RB, Educational Facilities, Samford University, Series A, 5.00%, 12/01/47 | 2,835 | 3,171,174 |
| | | 9,891,591 |
| Alaska 1.4% | | |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41 | 2,690 | 2,969,948 |
| Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC) ^(a) : 6.00%, 9/01/19 | 6,450 | 7,013,666 |
| 6.00%, 9/01/19 | 3,700 | 4,023,343 |
| | | 14,006,957 |
| Arizona 0.3% | | |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 07/01/40 | 120 | 123,600 |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27 | 3,075 | 3,287,513 |
| | | 3,411,113 |
| California 11.4% | | |
| California Health Facilities Financing Authority, RB: St. Joseph Health System, Series A, 5.75%, 7/01/39 | 1,550 | 1,663,274 |
| Sutter Health, Series B, 5.88%, 8/15/31 | 3,200 | 3,599,328 |
| California Health Facilities Financing Authority, Refunding RB: Kaiser Permanente, Sub-Series A-2, 5.00%, 11/01/47 | 3,625 | 4,676,214 |
| St. Joseph Health System, Series A, 5.00%, 7/01/37 | 2,965 | 3,362,488 |
| | <i>Par (000)</i> | <i>Value</i> |
| <i>Security</i> | | |
| California (continued) | | |
| California State University, RB, Systemwide, Series A, 5.50%, 05/01/19 ^(a) | \$ 1,525 | \$ 1,626,733 |
| California Statewide Communities Development Authority, RB: Kaiser Permanente, Series A, 5.00%, 4/01/42 | 4,030 | 4,536,208 |
| St. Joseph Health System, Series E (AGM), 5.25%, 7/01/18 (a) | 4,000 | 4,112,680 |
| City & County of San Francisco California Airports Commission, Refunding ARB, Series A, AMT, 5.00%, 05/01/42 | 530 | 609,474 |
| City of Redding California Electric System Revenue, COP, Refunding Series A, (AGM): 5.00%, 6/01/18 ^(a) | 1,100 | 1,125,597 |

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| | | |
|---|--------|------------|
| 5.00%, 6/01/30 | 800 | 816,960 |
| City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, AMT: | | |
| Series A, 5.00%, 3/01/36 | 1,160 | 1,345,496 |
| Series A, 5.00%, 3/01/37 | 1,275 | 1,475,519 |
| Series A-1, 5.75%, 3/01/34 | 2,300 | 2,597,137 |
| County of Alameda Joint Powers Authority, Refunding RB, (AGM), 5.00%, 12/01/17 ^(a) | 6,990 | 7,013,067 |
| County of Sacramento California, ARB, Senior Series A, 5.00%, 07/01/18 ^(a) | 10,000 | 10,265,200 |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 03/01/21 ^(a) | 1,830 | 2,115,260 |
| Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 08/01/34 ^(b) | 5,000 | 1,888,400 |
| Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 08/01/31 ^(b) | 5,110 | 3,347,816 |
| Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 08/01/34 ^(b) | 5,000 | 2,810,300 |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 6.25%, 08/01/43 ^(c) | 3,975 | 3,185,923 |

SCHEDULES OF INVESTMENTS

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Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par</i> | <i>Value</i> |
|---|--------------|--------------|
| | <i>(000)</i> | |
| California (continued) | | |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 08/01/38 ^(b) | \$ 7,620 | \$ 3,417,418 |
| Oceanside Unified School District, GO, Series A (AGC), 5.25%, 08/01/33 | 2,500 | 2,573,325 |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B ^(b) : | | |
| 0.00%, 8/01/35 | 7,820 | 4,195,117 |
| 0.00%, 8/01/36 | 10,000 | 5,122,700 |
| Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C ^(b) : | | |
| 0.00%, 8/01/37 | 8,000 | 3,939,200 |
| 0.00%, 8/01/38 | 12,940 | 6,097,199 |
| San Diego California Unified School District, GO, CAB, Election of 2008, Series G ^(b) : | | |
| 0.00%, 7/01/34 | 1,860 | 881,008 |
| 0.00%, 7/01/35 | 1,970 | 876,098 |
| 0.00%, 7/01/36 | 2,960 | 1,236,007 |
| 0.00%, 7/01/37 | 1,975 | 774,634 |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 07/01/31 ^(b) | 3,485 | 2,301,389 |
| San Marcos Unified School District, GO, Election of 2010, Series A ^(a) : | | |
| 5.00%, 8/01/21 | 1,800 | 2,014,020 |
| 5.00%, 8/01/21 | 1,600 | 1,788,384 |
| State of California, GO, Refunding, Various Purposes: | | |
| 5.00%, 9/01/41 | 2,700 | 3,036,501 |
| 5.00%, 10/01/41 | 2,555 | 2,880,149 |
| State of California, GO, Series 2007-2 (NPFGC), 5.50%, 04/01/30 | 10 | 10,039 |
| State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38 | 5,040 | 5,786,071 |
| | <i>Par</i> | <i>Value</i> |
| | <i>(000)</i> | |
| California (continued) | | |
| Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 08/01/36 ^(b) | \$ 6,545 | \$ 3,177,205 |
| | | 112,279,538 |
| Colorado 1.0% | | |
| Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/36 | 1,500 | 1,693,620 |
| Rampart Range Metropolitan District No. 1, Refunding RB, (AGM), 5.00%, 12/01/47 | 1,555 | 1,765,796 |
| Regional Transportation District, COP, Series A, 5.00%, 06/01/39 | 5,655 | 6,377,596 |
| | | 9,837,012 |
| Florida 14.0% | | |
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/47 | 3,915 | 4,658,067 |

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| | | |
|---|--------|------------|
| County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 04/01/39 | 4,535 | 4,986,414 |
| County of Broward Florida Airport System Revenue, RB, Series A , AMT, 5.00%, 10/01/40 | 3,000 | 3,354,810 |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 07/01/18 ^(a) | 13,100 | 13,461,953 |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 ^(a) | 2,250 | 2,335,072 |
| County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37 | 1,750 | 1,902,215 |
| County of Lee Florida, Refunding ARB, Series A, AMT: 5.63%, 10/01/26 | 2,600 | 2,942,940 |
| 5.38%, 10/01/32 | 3,440 | 3,820,017 |
| County of Miami-Dade Florida, GO, Building Better Communities Program ^(a) : Series B, 6.38%, 7/01/18 | 6,000 | 6,212,340 |
| Series B-1, 5.75%, 7/01/18 | 3,700 | 3,815,699 |
| County of Miami-Dade Florida, RB, Seaport: Department, Series A, 6.00%, 10/01/38 | 5,695 | 6,794,704 |

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| Florida (continued) | | |
| County of Miami-Dade Florida, RB, Seaport (continued): | | |
| Department, Series B, AMT, 6.25%, 10/01/38 | \$ 1,165 | \$ 1,383,321 |
| Department, Series B, AMT, 6.00%, 10/01/42 | 1,865 | 2,162,785 |
| Series B, AMT, 6.00%, 10/01/30 | 1,820 | 2,146,199 |
| County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC), 6.00%, 10/01/18 ^(a) | 20,095 | 20,991,438 |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT: 5.00%, 10/01/34 | 530 | 600,326 |
| Miami International Airport, Series A (AGM), 5.50%, 10/01/18 ^(a) | 19,020 | 19,755,503 |
| County of Miami-Dade Florida Educational Facilities Authority, RB, University of Miami, Series A, 5.00%, 04/01/40 | 14,360 | 16,164,621 |
| County of Miami-Dade Florida Health Facilities Authority, Refunding RB, Nicklaus Children's Hospital Project, 5.00%, 08/01/42 | 1,675 | 1,898,948 |
| County of Miami-Dade Florida Transit System, RB, Surtax (AGM), 5.00%, 07/01/18 ^(a) | 2,800 | 2,872,744 |
| County of Orange Florida Health Facilities Authority, Refunding RB, Presbyterian Retirement Communities Project: 5.00%, 8/01/41 | 1,550 | 1,709,821 |
| 5.00%, 8/01/47 | 4,590 | 5,042,987 |
| County of Palm Beach Florida Solid Waste Authority, Refunding RB, Series B: 5.00%, 10/01/21 ^(a) | 50 | 56,811 |
| 5.00%, 10/01/31 | 3,050 | 3,422,130 |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 07/01/39 | 5,135 | 5,415,987 |
| | | 137,907,852 |
| Georgia 0.4% | | |
| County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health System, Inc. Project, Series A, 5.50%, 08/15/54 | 1,405 | 1,646,646 |
| | <i>Par (000)</i> | <i>Value</i> |
| Georgia (continued) | | |
| Private Colleges & Universities Authority, RB, Savannah College of Art & Design: 5.00%, 4/01/33 | 395 | 440,698 |
| 5.00%, 4/01/44 | 1,775 | 1,932,034 |
| | | 4,019,378 |
| Hawaii 1.5% | | |
| State of Hawaii Department of Budget & Finance, Refunding RB, Hawaiian Electric Co., Inc. AMT, 4.00%, 03/01/37 | 10,275 | 10,599,485 |
| State of Hawaii Department of Transportation, COP, AMT: 5.00%, 8/01/27 | 2,000 | 2,232,000 |

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| | | |
|---|-------|------------|
| 5.00%, 8/01/28 | 1,775 | 1,970,942 |
| | | 14,802,427 |
| Illinois 13.0% | | |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT, Series B, 5.00%, 01/01/31 | 2,425 | 2,650,185 |
| City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT, 5.00%, 01/01/34 | 3,035 | 3,394,071 |
| City of Chicago Illinois O Hare International Airport, ARB, Senior Lien, Series D, 5.25%, 01/01/42 | 8,285 | 9,725,016 |
| City of Chicago Illinois O Hare International Airport, GARB: 3rd Lien, Series A, 5.75%, 1/01/21 ^(a) | 7,555 | 8,588,599 |
| 3rd Lien, Series A, 5.75%, 1/01/39 | 1,445 | 1,624,960 |
| Senior Lien, Series D, AMT, 5.00%, 1/01/42 | 2,865 | 3,223,211 |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 | 1,620 | 1,747,980 |
| Cook County Community College District No. 508, GO, City College of Chicago, 5.13%, 12/01/38 | 3,250 | 3,369,145 |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37 | 615 | 653,198 |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 08/15/34 | 8,700 | 9,806,205 |

SCHEDULES OF INVESTMENTS

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Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| Illinois (continued) | | |
| Illinois Finance Authority, Refunding RB: | | |
| Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39 | \$ 5,250 | \$ 5,675,722 |
| Silver Cross Hospital & Medical Centers, Series C, 5.00%, 8/15/44 | 985 | 1,054,364 |
| Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (b): | | |
| 0.00%, 12/15/26 | 8,500 | 6,194,375 |
| 0.00%, 6/15/32 | 14,000 | 7,823,900 |
| 0.00%, 12/15/33 | 20,000 | 10,430,000 |
| 0.00%, 12/15/34 | 41,880 | 20,765,779 |
| Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 0.00%, 06/15/44 ^(b) | 9,430 | 3,046,550 |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 06/01/28 | 1,700 | 1,915,594 |
| Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 06/01/20 | 560 | 615,961 |
| State of Illinois, GO: | | |
| 5.25%, 7/01/29 | 3,160 | 3,414,759 |
| 5.25%, 2/01/33 | 5,860 | 6,274,361 |
| 5.50%, 7/01/33 | 2,235 | 2,425,668 |
| 5.25%, 2/01/34 | 5,360 | 5,723,730 |
| 5.50%, 7/01/38 | 1,200 | 1,285,332 |
| State of Illinois Toll Highway Authority, Refunding RB, Series B, 5.50%, 01/01/18 ^(a) | 4,000 | 4,029,320 |
| State of Illinois Toll Highway Authority, RB, Series B (BHAC), 5.50%, 01/01/18 ^(a) | 2,000 | 2,014,660 |
| | | 127,472,645 |
| Indiana 2.7% | | |
| City of Indianapolis Indiana, Refunding RB, Series B (AGC), 5.25%, 08/15/18 ^(a) | 5,000 | 5,163,100 |
| Indiana Finance Authority, RB, Series A: | | |
| CWA Authority Project, 1st Lien, 5.25%, 10/01/38 | 2,900 | 3,283,467 |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44 | 1,400 | 1,506,988 |
| | <i>Par (000)</i> | <i>Value</i> |
| Indiana (continued) | | |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 01/01/19 ^(a) | \$ 5,000 | \$ 5,284,900 |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A: | | |
| 5.75%, 1/01/19 ^(a) | 565 | 595,561 |
| 5.75%, 1/01/38 | 2,335 | 2,456,280 |
| (AGC), 5.25%, 1/01/19 ^(a) | 265 | 277,805 |
| (AGC), 5.50%, 1/01/19 ^(a) | 830 | 872,504 |
| (AGC), 5.25%, 1/01/29 | 1,085 | 1,137,948 |
| (AGC), 5.50%, 1/01/38 | 3,420 | 3,585,733 |
| | 2,425 | 2,619,364 |

State of Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series A, AMT, 5.00%, 07/01/40

26,783,650

Iowa 2.4%

Iowa Finance Authority, RB, Iowa Health Care Facilities, Series A (AGC), 5.63%, 08/15/19^(a)

12,650 13,647,706

Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT:

5.60%, 12/01/26

2,295 2,461,686

5.70%, 12/01/27

2,290 2,442,193

5.75%, 12/01/28

1,210 1,289,606

5.80%, 12/01/29

1,545 1,643,895

5.85%, 12/01/30

1,610 1,714,022

23,199,108

Kentucky 1.9%

Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 01/01/40

1,000 1,083,890

Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier,

Series C, 6.60%, 07/01/39^(c)

8,225 7,191,693

Kentucky State Property & Building Commission, Refunding RB, Project No. 93, (AGC):

5.25%, 2/01/19^(a)

3,545 3,723,491

5.25%, 2/01/19^(a)

5,315 5,582,610

5.25%, 2/01/19^(a)

685 719,490

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| Kentucky (continued) | | |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93, (AGC) (continued): | | |
| 5.25%, 2/01/28 | \$ 455 | \$ 477,559 |
| | | 18,778,733 |
| Louisiana 3.2% | | |
| City of New Orleans Louisiana Aviation Board, ARB, Series B, AMT, 5.00%, 01/01/40 | 4,825 | 5,383,445 |
| City of New Orleans Louisiana Aviation Board, RB, Series A, AMT (AGM), 5.25%, 01/01/18 ^(a) | 6,405 | 6,447,209 |
| City of Shreveport Louisiana Water & Sewer Revenue, RB, Series A (AGM): | | |
| 5.00%, 12/01/37 | 760 | 885,605 |
| 5.00%, 12/01/41 | 1,645 | 1,898,363 |
| Jefferson Sales Tax District, RB, Series B (AGM): | | |
| 5.00%, 12/01/34 | 670 | 785,810 |
| 5.00%, 12/01/35 | 895 | 1,046,300 |
| 5.00%, 12/01/36 | 805 | 938,042 |
| 5.00%, 12/01/37 | 1,005 | 1,169,207 |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, East Baton Rouge Sewerage Commission Projects, Series A, 5.00%, 02/01/44 | 8,155 | 9,221,266 |
| West Baton Rouge Parish School District No. 3, GO, (AGM): | | |
| 5.00%, 3/01/36 | 1,575 | 1,813,030 |
| 5.00%, 3/01/37 | 1,575 | 1,810,289 |
| | | 31,398,566 |
| Massachusetts 1.9% | | |
| Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A, 5.00%, 01/01/47 | 5,950 | 6,654,182 |
| Massachusetts Development Finance Agency, Refunding RB, Emmanuel College Issue, Series A, 5.00%, 10/01/43 | 320 | 358,557 |
| Massachusetts HFA, RB, M/F Housing, Series B, 7.00%, 12/01/38 | 3,150 | 3,256,564 |
| Massachusetts HFA, Refunding RB, AMT: | | |
| Series A, 4.45%, 12/01/42 | 2,235 | 2,332,223 |
| Series C, 5.35%, 12/01/42 | 1,710 | 1,813,660 |
| | <i>Par (000)</i> | <i>Value</i> |
| Massachusetts (continued) | | |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 05/15/43 | \$ 3,495 | \$ 3,973,116 |
| | | 18,388,302 |
| Michigan 5.6% | | |

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|--|--------|------------|
| City of Detroit Michigan Water Supply System Revenue, RB, 2nd Lien, Series B (AGM), 6.25%, 07/01/19 ^(a) | 1,075 | 1,165,074 |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 07/01/41 | 3,185 | 3,603,382 |
| Michigan Finance Authority, Refunding RB: | | |
| Henry Ford Health System, 3.25%, 11/15/42 | 2,505 | 2,291,223 |
| Hospital; Trinity Health Credit Group, 5.00%, 12/01/39 | 16,040 | 17,679,769 |
| Trinity Health Credit Group, 5.00%, 12/01/21 ^(a) | 60 | 68,435 |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, Beaumont Health Credit Group, Series D, 5.00%, 09/01/39 | 1,330 | 1,468,027 |
| State of Michigan Building Authority, Refunding RB, Facilities Program: | | |
| Series I, 6.25%, 10/15/18 ^(a) | 1,890 | 1,981,438 |
| Series I, 6.25%, 10/15/18 ^(a) | 1,130 | 1,184,669 |
| Series I, 6.25%, 10/15/38 | 105 | 109,997 |
| Series I (AGC), 5.25%, 10/15/24 | 1,750 | 1,883,560 |
| Series I (AGC), 5.25%, 10/15/25 | 3,250 | 3,496,708 |
| Series I-A, 5.38%, 10/15/36 | 2,075 | 2,360,188 |
| Series I-A, 5.38%, 10/15/41 | 1,900 | 2,157,241 |
| Series II-A (AGM), 5.25%, 10/15/36 | 8,040 | 9,106,828 |
| Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32 | 5,000 | 5,182,700 |

SCHEDULES OF INVESTMENTS

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Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

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| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| Michigan (continued) | | |
| Western Michigan University, Refunding RB, General, University and College Improvements (AGM), 5.00%, 11/15/39 | \$ 1,080 | \$ 1,222,636 |
| | | 54,961,875 |
| Minnesota 0.6% | | |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC): | | |
| 6.50%, 11/15/18 ^(a) | 845 | 892,058 |
| 6.50%, 11/15/38 | 4,655 | 4,891,893 |
| | | 5,783,951 |
| Missouri 0.6% | | |
| Health & Educational Facilities Authority of the State of Missouri, Refunding RB, Series C, 5.00%, 11/15/42 ^(d) | 5,000 | 5,751,350 |
| Nebraska 0.8% | | |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 09/01/37 | 6,825 | 7,539,578 |
| Nevada 1.0% | | |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 04/01/19 ^(a) | 2,250 | 2,403,248 |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A: | | |
| 5.25%, 7/01/42 | 2,000 | 2,154,160 |
| (AGM), 5.25%, 7/01/39 | 5,170 | 5,581,170 |
| | | 10,138,578 |
| New Jersey 8.7% | | |
| New Jersey EDA, RB: | | |
| Goethals Bridge Replacement Project, AMT, Private Activity Bond, 5.38%, 1/01/43 | 4,920 | 5,476,255 |
| Goethals Bridge Replacement Project, AMT, Private Activity Bond, 5.13%, 1/01/34 | 1,930 | 2,138,537 |
| School Facilities Construction Bonds, Series DDD, 5.00%, 6/15/42 | 590 | 632,321 |
| Series WW, 5.25%, 6/15/33 | 445 | 492,281 |
| Series WW, 5.00%, 6/15/34 | 570 | 617,606 |
| Series WW, 5.00%, 6/15/36 | 2,635 | 2,833,363 |
| Series WW, 5.25%, 6/15/40 | 1,025 | 1,111,889 |
| | <i>Par (000)</i> | <i>Value</i> |
| New Jersey (continued) | | |
| New Jersey EDA, Refunding RB, School Facilities Construction: | | |
| Series N-1 (AMBAC), 5.50%, 9/01/24 | \$ 6,325 | \$ 7,341,364 |
| Series N-1 (NPFGC), 5.50%, 9/01/28 | 1,685 | 2,035,581 |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT: | | |
| 5.50%, 12/01/25 | 780 | 855,605 |
| 5.50%, 12/01/26 | 1,125 | 1,229,974 |
| 5.75%, 12/01/28 | 125 | 136,749 |

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| | | |
|---|--------|-----------|
| 5.88%, 12/01/33 | 6,895 | 7,537,131 |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, M/F Housing, Series 2, AMT, 4.35%, 11/01/33 | 2,645 | 2,794,866 |
| New Jersey Transportation Trust Fund Authority, RB: | | |
| CAB, Transportation System, Series A, 0.00%, 12/15/35 ^(b) | 18,525 | 8,227,323 |
| CAB, Transportation System, Series C (AGC) (AMBAC), 0.00%, 12/15/25 ^(b) | 8,550 | 6,554,687 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/28 | 4,205 | 4,740,717 |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/29 | 2,145 | 2,409,693 |
| Transportation Program, Series AA, 5.25%, 6/15/33 | 4,150 | 4,510,801 |
| Transportation Program, Series AA, 5.00%, 6/15/38 | 3,990 | 4,270,138 |
| Transportation System, Series A, 5.50%, 6/15/41 | 2,980 | 3,204,990 |
| Transportation System, Series A (NPFGC), 5.75%, 6/15/25 | 4,000 | 4,831,920 |
| Transportation System, Series AA, 5.50%, 6/15/39 | 5,625 | 6,113,419 |
| Transportation System, Series B, 5.50%, 6/15/31 | 1,000 | 1,095,900 |
| Transportation System, Series B, 5.00%, 6/15/42 | 2,575 | 2,679,339 |

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| New Jersey (continued) | | |
| New Jersey Transportation Trust Fund Authority, RB (continued): | | |
| Transportation System, Series D, 5.00%, 6/15/32 | \$ 1,825 | \$ 1,969,850 |
| | | 85,842,299 |
| New Mexico 0.1% | | |
| New Mexico Hospital Equipment Loan Council, Refunding RB, Presbyterian Healthcare Services, 5.00%, 08/01/44 | 1,040 | 1,170,738 |
| New York 3.7% | | |
| City of New York New York Transitional Finance Authority, RB: | | |
| Fiscal 2009, Series S-4, 5.50%, 1/15/34 | 7,250 | 7,629,102 |
| Future Tax Secured Fiscal, Sub-Series E-1, 5.00%, 2/01/37 | 3,595 | 4,212,909 |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B, 5.00%, 11/01/32 | 4,150 | 4,803,459 |
| Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012: | | |
| 5.75%, 2/15/21 ^(a) | 1,155 | 1,321,805 |
| 5.75%, 2/15/47 | 765 | 871,496 |
| Metropolitan Transportation Authority, Refunding RB, Series B, 5.00%, 11/15/37 | 3,855 | 4,477,814 |
| New York Transportation Development Corp., ARB, LaGuardia Airport Terminal B Redevelopment Project, Series A, AMT, 5.25%, 01/01/50 | 8,300 | 9,200,467 |
| State of New York Dormitory Authority, ERB, Series B, 5.25%, 03/15/19 ^(a) | 3,250 | 3,433,235 |
| | | 35,950,287 |
| Ohio 2.9% | | |
| County of Franklin Ohio, RB, Trinity Health Credit Group, Series 2017, 5.00%, 12/01/46 | 5,930 | 6,721,833 |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37 | 3,000 | 3,572,310 |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38 | 11,135 | 12,286,582 |
| | <i>Par (000)</i> | <i>Value</i> |
| <i>Security</i> | | |
| Ohio (continued) | | |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: | | |
| 5.25%, 2/15/32 | \$ 1,950 | \$ 2,279,140 |
| 5.25%, 2/15/33 | 2,730 | 3,189,295 |
| | | 28,049,160 |
| Oregon 0.5% | | |
| Clackamas Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/38 ^(c) | 425 | 437,155 |
| County of Clackamas Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/39 ^(c) | 395 | 405,258 |
| County of Clackamas Oregon Community College District, GO, Convertible Deferred Interest Bonds, Series A, 5.00%, 06/15/40 ^(c) | 420 | 429,807 |
| | 2,800 | 1,220,072 |

| | | |
|---|--------|------------|
| County of Clackamas Oregon School District No. 12 North Clackamas, GO, CAB, Series A, 0.00%, 06/15/38 ^(b) | | |
| Washington & Multnomah Counties Oregon School District No. 48J Beaverton, GO, Convertible CAB, Series D, 5.00%, 06/15/36 ^(c) | 2,340 | 2,653,022 |
| | | 5,145,314 |
| Pennsylvania 7.6% | | |
| Commonwealth Financing Authority, RB, Series B, 5.00%, 06/01/42 | 3,305 | 3,608,035 |
| Pennsylvania Economic Development Financing Authority, RB: | | |
| AMT, 5.00%, 12/31/34 | 7,115 | 8,053,824 |
| AMT, 5.00%, 6/30/42 | 6,805 | 7,545,588 |
| Pennsylvania Bridge Finco LP, 5.00%, 12/31/38 | 5,850 | 6,551,532 |
| Pennsylvania Economic Development Financing Authority, Refunding RB, Series A, 4.00%, 11/15/42 | 12,945 | 13,191,732 |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB, Thomas Jefferson University, Series A, 5.25%, 09/01/50 | 8,075 | 9,131,775 |

SCHEDULES OF INVESTMENTS

7

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| Pennsylvania (continued) | | |
| Pennsylvania Turnpike Commission, RB: | | |
| Series A, 5.00%, 12/01/38 | \$ 1,775 | \$ 2,026,642 |
| Series A-1, 5.00%, 12/01/41 | 2,320 | 2,627,400 |
| Series B, 5.00%, 12/01/40 | 920 | 1,048,312 |
| Series C, 5.50%, 12/01/33 | 1,565 | 1,837,936 |
| Sub-Series B-1, 5.00%, 6/01/42 | 7,330 | 8,269,120 |
| Sub-Series C (AGC), 6.25%, 6/01/18 ^(a) | 5,695 | 5,865,907 |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/20 ^(a) | 2,575 | 2,942,633 |
| Pennsylvania Turnpike Commission, Refunding RB, Series A-1, 5.00%, 12/01/40 | 2,165 | 2,458,163 |
| | | 75,158,599 |
| Rhode Island 1.7% | | |
| Rhode Island Commerce Corp., RB, Airport Corp., Series D: | | |
| 5.00%, 7/01/41 | 295 | 330,739 |
| 5.00%, 7/01/46 | 325 | 361,790 |
| Rhode Island Health & Educational Building Corp., RB, Series A, 4.00%, 09/15/42 | 5,515 | 5,724,570 |
| Tobacco Settlement Financing Corp., Refunding RB, Series B: | | |
| 4.50%, 6/01/45 | 3,000 | 3,005,640 |
| 5.00%, 6/01/50 | 7,465 | 7,702,238 |
| | | 17,124,977 |
| South Carolina 3.9% | | |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 08/01/39 | | |
| | 3,600 | 4,152,888 |
| State of South Carolina Ports Authority, RB, AMT, 5.25%, 07/01/50 | 6,530 | 7,292,051 |
| State of South Carolina Public Service Authority, RB, Santee Cooper: | | |
| Series A, 5.50%, 12/01/54 | 9,350 | 10,551,662 |
| Series E, 5.50%, 12/01/53 | 2,025 | 2,275,695 |
| State of South Carolina Public Service Authority, Refunding RB, Series B: | | |
| Santee Cooper, 5.00%, 12/01/38 | 5,870 | 6,469,914 |
| | <i>Par (000)</i> | <i>Value</i> |
| South Carolina (continued) | | |
| State of South Carolina Public Service Authority, Refunding RB, Series B (continued): | | |
| (AGM), 5.00%, 12/01/56 | \$ 7,155 | \$ 7,965,876 |
| | | 38,708,086 |
| Texas 17.7% | | |
| City of Houston Texas Combined Utility System Revenue, Refunding RB, 1st Lien: | | |
| Series B, 5.00%, 11/15/36 | 7,110 | 8,332,494 |
| Combined Series A (AGC), 5.38%, 5/15/19 ^(a) | 3,460 | 3,680,298 |
| Combined Series A (AGC), 6.00%, 5/15/19 ^(a) | 5,400 | 5,795,010 |

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| | | |
|---|--------|------------|
| Combined Series A (AGC), 6.00%, 11/15/35 | 300 | 323,046 |
| Combined Series A (AGC), 5.38%, 11/15/38 | 190 | 201,168 |
| Combined Series A (AGM), 5.00%, 11/15/17 ^(a) | 10,000 | 10,014,700 |
| City of San Antonio Texas Electric & Gas Revenue, Refunding RB, 5.00%, 02/01/42 | 7,450 | 8,658,167 |
| City of San Antonio Texas Electric & Gas Revenue, RB, Junior Lien, 5.00%, 02/01/38 | 1,450 | 1,645,489 |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 09/15/36 ^(b) | 5,810 | 2,679,688 |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Cook Children s Medical Center, 5.25%, 12/01/39 | 2,095 | 2,366,910 |
| Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 02/15/18 ^(a) | 10,000 | 10,152,700 |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series D, AMT, 5.00%, 11/01/38 | 10,980 | 12,172,428 |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F: 5.25%, 11/01/33 | 2,745 | 3,224,771 |
| 5.00%, 11/01/35 | 5,000 | 5,438,850 |
| Grand Parkway Transportation Corp., RB, Convertible CAB, Series B, 5.80%, 10/01/46 ^(c) | 5,815 | 5,421,964 |
| Grand Prairie ISD, GO, Refunding, CAB, 0.00%, 08/15/18 ^{(a)(b)} | 10,000 | 5,084,700 |
| Leander ISD, GO, Refunding, CAB, Series D, 0.00%, 08/15/38 ^(b) | 9,685 | 3,997,484 |

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| Texas (continued) | | |
| North Texas Tollway Authority, RB, CAB, Special Project System, Series B, 0.00%, 09/01/31 ^{(a)(b)} | \$ 24,100 | \$ 6,804,394 |
| North Texas Tollway Authority, Refunding RB: | | |
| 1st Tier System, Series A, 6.00%, 1/01/19 ^(a) | 5,100 | 5,384,427 |
| 1st Tier System, Series A, 5.13%, 1/01/28 | 2,460 | 2,476,531 |
| 1st Tier System, Series A, 6.00%, 1/01/28 | 1,175 | 1,241,235 |
| 1st Tier System, Series A (NPFGC), 5.13%, 1/01/18 ^(a) | 17,540 | 17,657,869 |
| 1st Tier System, Series S (NPFGC), 5.75%, 1/01/18 ^(a) | 8,540 | 8,606,100 |
| 1st Tier System, Series SE (NPFGC), 5.75%, 1/01/40 | 1,460 | 1,471,300 |
| 1st Tier-Series A, 5.00%, 1/01/43 ^(d) | 7,000 | 8,085,630 |
| Series B, 5.00%, 1/01/40 | 1,710 | 1,922,895 |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing & Expansion Project, CAB ^(b) : | | |
| 0.00%, 9/15/35 | 680 | 305,646 |
| 0.00%, 9/15/36 | 12,195 | 5,159,705 |
| 0.00%, 9/15/37 | 8,730 | 3,472,183 |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB, Natural Gas Utility Improvements: | | |
| 5.00%, 12/15/31 | 1,665 | 1,862,119 |
| 5.00%, 12/15/32 | 3,930 | 4,381,282 |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, AMT, Blueridge Transportation Group, 5.00%, 12/31/45 | 3,630 | 3,983,852 |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 08/15/41 | 11,345 | 12,584,101 |
| | | 174,589,136 |
| Utah 0.4% | | |
| Salt Lake City Corp. Airport Revenue, RB, Series A, AMT, 5.00%, 07/01/42 | 3,490 | 4,017,897 |
| <i>Security</i> | | |
| Washington 2.2% | | |
| Port of Seattle Washington, RB, Intermediate Lien, Series C, AMT, 5.00%, 04/01/40 | \$ 2,830 | \$ 3,152,932 |
| Washington Health Care Facilities Authority, RB: | | |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44 | 1,000 | 1,113,350 |
| Providence Health & Services, Series A, 5.25%, 10/01/39 | 2,725 | 2,907,057 |
| Washington Health Care Facilities Authority, Refunding RB: | | |
| Catholic Health Initiatives, Series D, 6.38%, 10/01/36 | 5,400 | 5,635,764 |
| Multicare Health System, Series B, 4.00%, 8/15/41 (d) | 9,000 | 9,220,500 |
| | | 22,029,603 |
| Wisconsin 1.0% | | |
| | 560 | 628,824 |

| | | |
|---|--------|----------------------|
| Public Finance Authority, RB, KU Campus Development Corp., Central District Development Project, 5.00%, 03/01/46 | | |
| State of Wisconsin Health & Educational Facilities Authority, RB: | | |
| Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | 3,745 | 4,008,760 |
| Marshfield Clinic Health System, Inc. Series C, 4.00%, 2/15/42 | 5,000 | 5,030,650 |
| | | 9,668,234 |
| Total Municipal Bonds 115.1% | | 1,133,806,534 |
| Municipal Bonds Transferred to Tender Option Bond Trusts (e) | | |
| Arizona 1.0% | | |
| Arizona School Facilities Boar, COP, (AGC), 5.13%, 09/01/18 ^{(a)(f)} | 10,000 | 10,330,400 |
| California 4.8% | | |
| California State University, RB, Systemwide, Series A (AGM): | | |
| 5.00%, 5/01/18 ^{(a)(f)} | 7,793 | 7,952,353 |
| 5.00%, 11/01/33 | 204 | 208,091 |
| City of Riverside CA Electric Revenue, RB, Issue, Series D (AGM), 5.00%, 10/01/38 | 20,000 | 20,644,800 |

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| California (continued) | | |
| County of San Diego Water Authority Financing Corp., COP, Refunding, Series A (AGM) ^(a) : | | |
| 5.00%, 5/01/18 | \$ 7,816 | \$ 7,969,952 |
| 5.00%, 5/01/18 | 1,554 | 1,585,200 |
| Los Angeles Community College District California, GO, Refunding Election of 2008, Series A, 6.00%, 08/01/19 ^(a) | 5,248 | 5,694,234 |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 08/01/19 ^(a) | 1,047 | 1,121,737 |
| University of California, RB, Series O, 5.75%, 05/15/19 ^(a) | 2,205 | 2,360,053 |
| | | 47,536,420 |
| Colorado 0.3% | | |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiative, Series A, 5.50%, 07/01/34 ^(f) | 2,469 | 2,596,365 |
| Connecticut 0.5% | | |
| Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Corp., 5.00%, 12/01/45 | 3,932 | 4,443,516 |
| District of Columbia 1.5% | | |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 ^(f) | 2,594 | 2,815,287 |
| District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/18 ^{(a)(f)} | 4,277 | 4,464,836 |
| Metropolitan Washington Airports Authority, Refunding ARB, Series A, AMT, 5.00%, 10/01/30 | 6,880 | 7,806,598 |
| | | 15,086,721 |
| Florida 5.1% | | |
| City of Miami Beach Florida, RB, 5.00%, 09/01/45 | 8,760 | 9,963,821 |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 07/01/42 | 4,840 | 5,461,020 |
| County of Miami-Dade Florida Water & Sewer System, (AGC), 5.00%, 10/01/39 | 11,701 | 12,755,852 |
| County of Orange Florida School Board, COP, Series A (AGC), 5.50%, 08/01/19 ^(a) | 12,013 | 12,903,364 |
| | <i>Par (000)</i> | <i>Value</i> |
| Florida (continued) | | |
| Pinellas County School Board, COP, Master Lease Program, Series A, 5.00%, 07/01/41 | \$ 7,880 | \$ 9,043,640 |
| | | 50,127,697 |
| Illinois 4.5% | | |
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 07/01/18 ^(a) | 10,000 | 10,338,650 |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 06/15/19 ^{(a)(f)} | 3,499 | 3,726,499 |
| State of Illinois Toll Highway Authority, RB: Senior, Series C, 5.00%, 1/01/36 | 10,000 | 11,359,244 |

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| | | |
|--|--------|------------|
| Series A, 5.00%, 1/01/38 | 5,836 | 6,498,743 |
| Series A, 5.00%, 1/01/40 | 7,621 | 8,658,375 |
| Series B, 5.00%, 1/01/40 | 2,939 | 3,330,429 |
| | | 43,911,940 |
| Kansas 1.7% | | |
| County of Wyandotte Kansas Unified School District, GO, Series A, 5.50%, 09/01/47 | 13,470 | 16,339,991 |
| Massachusetts 0.5% | | |
| Commonwealth of Massachusetts, GO, Series A, 5.00%, 03/01/46 | 4,204 | 4,809,735 |
| Michigan 0.9% | | |
| Michigan Finance Authority, RB, Beumont Health Credit Group, Series A, 5.00%, 11/01/44 | 5,591 | 6,229,501 |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45 | 2,410 | 2,741,773 |
| | | 8,971,274 |
| Nevada 1.7% | | |
| County of Clark Nevada Water Reclamation District, GO, Series B ^(a) : 5.50%, 7/01/19 | 510 | 545,978 |
| 5.75%, 7/01/19 | 4,813 | 5,174,032 |

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|---------------|
| Nevada (continued) | | |
| Las Vegas Valley Water District, GO, Refunding Water Improvement, Series A, 5.00%, 06/01/46 | \$ 9,840 | \$ 11,402,444 |
| | | 17,122,454 |
| 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 | 2,675,128 |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28 | 10,000 | 12,198,375 |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 06/15/36 ^(f) | 4,961 | 5,273,860 |
| | | 20,147,363 |
| New York 8.7% | | |
| City of New York New York Water & Sewer System, Refunding RB: 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | 15,521 | 17,663,859 |
| 2nd General Resolution, Series DD, 5.00%, 6/15/35 | 4,740 | 5,520,188 |
| Second Generation, 5.00%, 6/15/18 ^(a) | 2,586 | 2,646,670 |
| Second Generation, 5.00%, 6/15/37 | 14,981 | 15,333,423 |
| Metropolitan Transportation Authority, RB, Sub-Series D-1, 5.25%, 11/15/44 | 9,850 | 11,524,451 |
| Metropolitan Transportation Authority, Refunding RB, Series C-1, 5.25%, 11/15/56 | 4,280 | 5,003,642 |
| Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 198th Series, 5.25%, 11/15/56 | 6,402 | 7,517,520 |
| State of New York Urban Development Corp., RB, State Personal Income Tax, Series A-1, 5.00%, 03/15/43 | 14,280 | 16,063,608 |
| | <i>Par (000)</i> | <i>Value</i> |
| New York (continued) | | |
| Triborough Bridge & Tunnel Authority, GRB, Series A-2, 5.25%, 11/15/34 ^(f) | \$ 4,500 | \$ 4,696,087 |
| | | 85,969,448 |
| Ohio 0.7% | | |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series C-1 (AGM), 5.00%, 04/28/18 ^(a) | 4,990 | 5,085,184 |
| State of Ohio, RB, Cleveland Clinic Health Clinic, Series B, 5.50%, 01/01/34 | 1,520 | 1,596,015 |
| | | 6,681,199 |
| Pennsylvania 0.3% | | |
| County of Westmoreland Municipal Authority, Refunding RB, (BAM), 5.00%, 08/15/42 | 2,560 | 2,920,685 |
| Texas 5.9% | | |
| Aldine Independent School District, GO, Refunding(PSF-GTD), 5.00%, 02/15/42 | 9,701 | 11,280,060 |
| | 1,798 | 1,989,770 |

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| | | |
|--|--------|------------|
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | | |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Texas Health Resources System , Series A, 5.00%, 02/15/41 | 9,840 | 11,276,025 |
| Dallas Fort Worth International Airport, ARB, Series H, AMT, 5.00%, 11/01/37 ^(f) | 8,868 | 9,821,285 |
| Friendswood Independent School District, GO, Refunding Schoolhouse (PSF-GTD), 5.00%, 02/15/18 ^(a) | 12,955 | 13,099,026 |
| State of Texas University Systems, Refunding RB, 5.25%, 03/15/18 ^(a) | 10,000 | 10,153,750 |
| | | 57,619,916 |
| Virginia 0.4% | | |
| University of Virginia, Refunding RB, General, 5.00%, 06/01/18 ^(a) | 3,944 | 4,029,718 |
| Washington 2.7% | | |
| Central Puget Sound Regional Transit Authority, 5.00%, 11/01/17 ^(a) | 16,770 | 17,002,684 |

SCHEDULES OF INVESTMENTS

11

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

(Percentages shown are based on Net Assets)

| <i>Security</i> | <i>Par (000)</i> | <i>Value</i> |
|--|----------------------|----------------|
| Washington (continued) | | |
| Washington Health Care Facilities Authority, Refunding RB, Seattle Children's Hospital, Series B, 5.00%, 10/01/38 | \$ 8,205 | \$ 9,773,714 |
| | | 26,776,398 |
| Wisconsin 2.7% | | |
| State of Wisconsin, Refunding RB, Series A, 6.00%, 05/01/19 ^(a) | 14,780 | 15,828,308 |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group: Series C: 5.25%, 4/01/19 ^{(a)(f)} | 7,459 | 7,884,271 |
| 5.00%, 4/01/42 | 2,490 | 2,691,491 |
| | | 26,404,070 |
| Total Municipal Bonds Transferred to Tender Option Bond Trusts 45.9% | | 451,825,310 |
| Total Long-Term Investments (Cost \$1,479,924,506) 161.0% | | 1,585,631,844 |
| | | |
| <i>Security</i> | <i>Shares</i> | <i>Value</i> |
| Short-Term Securities | | |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.74% ^{(g)(h)} | \$ 27,530,839 | \$ 27,539,098 |
| Total Short-Term Securities | | |
| (Cost \$27,538,344) 2.8% | | 27,539,098 |
| Total Investments (Cost \$1,507,462,850) 163.8% | | |
| Liabilities in Excess of Other Assets (0.9)% | | (8,818,737) |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (26.8)% | | (263,817,913) |
| VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (36.1)% | | (355,927,953) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 984,606,339 |

Notes to Schedule of Investments

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Zero-coupon bond.
- (c) 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.
- (d) When-issued security.
- (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.
- (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 6, 2018 to November 5, 2018, is \$32,233,114.
- (g) Annualized 7-day yield as of period end.
- (h) During the period ended October 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| | <i>Shares Held at July 31, 2017</i> | <i>Net Activity</i> | <i>Shares Held at October 31, 2017</i> | <i>Value at October 31, 2017</i> | <i>Income</i> | <i>Realized Gain (Loss)</i> | <i>Change in Unrealized Appreciation (Depreciation)</i> |
|--|---|-------------------------|--|--------------------------------------|---------------|---------------------------------|---|
| <i>Affiliated BlackRock Liquidity Funds, MuniCash, Institutional Class</i> | 10,345,820 | 17,185,019 | 27,530,839 | \$ 27,539,098 | \$ 33,405 | \$ 412 | \$ (1,788) |

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

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

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> |
|-------------------------------|--------------------------------|----------------------------|----------------------------------|---|
| 5-Year U.S. Treasury Note | (105) | December 2017 | \$ 12,305 | \$ 96,137 |
| 10-Year U.S Treasury Note | (176) | December 2017 | 21,989 | 312,518 |
| Long U.S. Treasury Bond | (226) | December 2017 | 34,458 | 616,617 |
| Ultra Long U.S. Treasury Bond | (57) | December 2017 | 9,393 | 184,467 |
| Total | | | | \$ 1,209,739 |

Portfolio Abbreviations

| | |
|-------|---|
| AGC | Assured Guarantee Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMBAC | American Municipal Bond Assurance Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| ARB | Airport Revenue Bonds |
| BHAC | Berkshire Hathaway Assurance Corp. |
| CAB | Capital Appreciation Bonds |
| COP | Certificates of Participation |
| EDA | Economic Development Authority |
| ERB | Education Revenue Bonds |
| GARB | General Airport Revenue Bonds |
| GO | General Obligation Bonds |
| GTD | Guaranteed |
| HFA | Housing Finance Agency |
| IDA | Industrial Development Authority |
| ISD | Independent School District |
| LRB | Lease Revenue Bonds |
| M/F | Multi-Family |
| NPFGC | National Public Finance Guarantee Corp. |
| PSF | Permanent School Fund |
| RB | Revenue Bonds |

S/F Single-Family

SCHEDULES OF INVESTMENTS

13

Schedule of Investments (unaudited) (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

Fair Value Hierarchy as of Period End

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 reporting purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the 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 the 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 BlackRock Global Valuation Methodologies Committee (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 the 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. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Fund's most recent financial statements as contained in its semi-annual report.

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

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| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
|---|----------------|------------------|----------------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ^(a) | | \$ 1,585,631,844 | | \$ 1,585,631,844 |
| Short-Term Securities | \$ 27,539,098 | | | 27,539,098 |
| Total | \$ 27,539,098 | \$ 1,585,631,844 | | \$ 1,613,170,942 |
| Derivative Financial Instruments ^(b) | | | | |
| Assets: | | | | |
| Interest rate contracts | \$ 1,209,739 | | | \$ 1,209,739 |

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

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

Schedule of Investments (concluded)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

October 31, 2017

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting 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 | | \$ (263,336,553) | | \$ (263,336,553) |
| VRDP Shares at Liquidation Value | | (356,400,000) | | (356,400,000) |
| Total | | \$ (619,736,553) | | \$ (619,736,553) |

During the period ended October 31, 2017, there were no transfers between levels.

Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto

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

BlackRock MuniYield Quality Fund III, Inc.

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

Date: December 21, 2017

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

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

Date: December 21, 2017

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

Date: December 21, 2017