

BLACKROCK MUNIYIELD QUALITY FUND III, INC.
Form N-Q
December 20, 2016

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: 07/31/2017

Date of reporting period: 10/31/2016

Item 1 Schedule of Investments

Schedule of Investments October 31, 2016 (Unaudited)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
Municipal Bonds		
Alabama 0.7%		
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/19 (a)	\$ 3,605	\$ 4,062,042
City of Birmingham Alabama, GO, Convertible CAB, Series A1, 0.00%, 3/01/45 (b)	2,920	3,114,180
		7,176,222
Alaska 1.5%		
Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41	2,690	3,062,457
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center, 6.00%, 9/01/19 (AGC) (a):	10,150	11,546,742
		14,609,199
Arizona 1.2%		
City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, Series A-2, AMT (Fannie Mae), 5.80%, 7/01/40	120	123,058
County of Maricopa Arizona IDA, Refunding RB, Banner Health Obligation Group, Series A (c):		
3.25%, 1/01/37	2,630	2,509,861
5.00%, 1/01/38	2,080	2,426,923
Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/38	3,500	3,658,165
State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27	3,075	3,391,879
		12,109,886
California 13.1%		
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/17 (a)(b)	10,000	10,425,800
Alameda County Joint Powers Authority, Refunding RB, 5.00%, 12/01/17 (a)	6,990	7,292,457
California Health Facilities Financing Authority, RB:		
St. Joseph Health System, Series A, 5.75%, 7/01/39	1,550	1,723,259
	Par	
	(000)	Value
Municipal Bonds		
California (continued)		
California Health Facilities Financing Authority, RB (continued):		
Sutter Health, Series B, 5.88%, 8/15/31	\$ 3,200	\$ 3,734,304
California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/37	2,965	3,407,674
California State University, RB, Systemwide, Series A, 5.50%, 5/01/19 (a)	1,525	1,697,234
California State University, Refunding RB, Series A:		
5.00%, 5/01/17 (a)	1,510	1,542,510
Systemwide (AGM), 5.00%, 5/01/17 (a)	970	990,933
Systemwide (AGM), 5.00%, 11/01/37	1,065	1,086,662
California Statewide Communities Development Authority, RB:		
Kaiser Permanente, Series A, 5.00%, 4/01/42	4,030	4,583,319
St. Joseph Health System, Series E (AGM), 5.25%, 7/01/18 (a)	4,000	4,292,680
City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30	1,900	2,007,768
City of San Jose California, Refunding ARB, AMT:		
Series A (AMBAC), 5.50%, 3/01/32	11,965	12,138,971
Series A-1, 5.75%, 3/01/34	2,300	2,680,535
County of Sacramento California, ARB, Senior Series A, 5.00%, 7/01/41	10,000	10,607,900
County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36	1,830	2,194,957
Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/34 (d)	5,000	1,862,150
Grossmont Union High School District, GO, CAB, Election of 2004, 0.00%, 8/01/31 (d)	5,110	3,199,320
Long Beach Unified School District, GO, CAB, Election of 2008, Series B, 0.00%, 8/01/34 (d)	5,000	2,768,900

Portfolio Abbreviations

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

BLACKROCK MUNIYIELD QUALITY FUND III, INC.

OCTOBER 31, 2016

1

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

	Par	
	(000)	Value
Municipal Bonds		
California (continued)		
Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/17 (a)	\$ 1,200	\$ 1,238,892
Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (b)	3,975	3,279,971
Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (d)	7,620	3,324,606
Oceanside Unified School District, GO, Series A (AGC), 5.25%, 8/01/33	2,500	2,669,000
Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement, Election of 2008, Series B (d):		
0.00%, 8/01/35	7,820	4,065,071
0.00%, 8/01/36	10,000	4,981,200
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C (d):		
0.00%, 8/01/37	8,000	3,910,080
0.00%, 8/01/38	12,940	6,096,940
San Diego California Unified School District, GO, CAB, Election of 2008, Series G (d):		
0.00%, 7/01/34	1,860	860,529
0.00%, 7/01/35	1,970	857,738
0.00%, 7/01/36	2,960	1,212,949
0.00%, 7/01/37	1,975	758,716
San Diego California Unified School District, GO, Refunding, CAB, Series R-1, 0.00%, 7/01/31 (d)	3,485	2,187,709
San Marcos Unified School District, GO, Election of 2010, Series A:		
5.00%, 8/01/34	1,800	2,075,850
5.00%, 8/01/38	1,600	1,842,032
State of California, GO, Refunding, Various Purposes:		
5.00%, 9/01/41	2,700	3,108,024
5.00%, 10/01/41	2,555	2,947,525
State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30	10	10,039
State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.00%, 11/01/38	5,040	5,940,194
	Par	
	(000)	Value
Municipal Bonds		
California (continued)		
Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 0.00%, 8/01/36 (d)	\$ 6,545	\$ 3,279,830
West Valley-Mission Community College District, GO, 5.00%, 8/01/30	575	577,053
		133,461,281
Colorado 0.8%		
Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/36 (c)	1,500	1,685,370
Regional Transportation District, COP, Series A, 5.00%, 6/01/39	5,655	6,419,952
		8,105,322
Florida 12.7%		
City of Tallahassee Florida Energy System Revenue, RB (NPFGC), 5.00%, 10/01/32	3,300	3,420,351
County of Brevard Florida Health Facilities Authority, Refunding RB, Health First, Inc. Project, 5.00%, 4/01/39	4,535	5,130,763
County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/18 (a)	13,100	14,044,903
County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/18 (a)	2,250	2,435,557
County of Highlands Florida Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37	1,750	1,978,620
County of Lee Florida, Refunding ARB, Series A, AMT: 5.63%, 10/01/26	2,600	3,000,218
5.38%, 10/01/32	3,440	3,931,232
County of Miami-Dade Florida, GO, Building Better Communities Program (a): Series B, 6.38%, 7/01/18	6,000	6,546,300

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Series B-1, 5.75%, 7/01/18	3,700	3,998,701
County of Miami-Dade Florida, RB, Seaport:		
Series A, 6.00%, 10/01/38	5,695	6,921,418
Series B, AMT, 6.00%, 10/01/30	1,820	2,221,292
Series B, AMT, 6.25%, 10/01/38	1,165	1,437,552
Series B, AMT, 6.00%, 10/01/42	1,865	2,226,213

Schedule of Investments (continued)

BlackRock MuniYield Quality Fund III, Inc. (MYI)

	Par	
	(000)	Value
Municipal Bonds		
Florida (continued)		
County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series C (BHAC), 6.00%, 10/01/18 (a)	\$ 20,095	\$ 22,037,986
County of Miami-Dade Florida Aviation, Refunding ARB, AMT: 5.00%, 10/01/34	530	602,992
Miami International Airport, Series A (AGM), 5.50%, 10/01/18 (a)	19,020	20,659,714
County of Miami-Dade Florida Educational Facilities Authority, RB, University Miami, Series A, 5.00%, 4/01/40	14,360	16,620,695
County of Miami-Dade Florida Transit System, RB, Surtax (AGM), 5.00%, 7/01/35	2,800	2,967,832
County of Palm Beach Florida Solid Waste Authority, Refunding RB, Series B: 5.00%, 10/01/21 (a)	50	58,927
5.00%, 10/01/31	3,050	3,535,285
County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	5,135	5,611,682
		129,388,233
Georgia 2.1%		
County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogle Project, Series C, 5.70%, 1/01/43	6,450	6,761,535
County of Gainesville Georgia & Hall Hospital Authority, Refunding RB, Northeast Georgia Health System, Inc. Project, Series A, 5.50%, 8/15/54	1,405	1,689,484
Metropolitan Atlanta Rapid Transit Authority, Refunding RB, 3rd Indenture, Series B, 5.00%, 7/01/17 (a)	10,000	10,284,700
Private Colleges & Universities Authority, RB, Savannah College of Art & Design: 5.00%, 4/01/33	395	450,553
	Par	
	(000)	Value
Municipal Bonds		
Georgia (continued)		
Private Colleges & Universities Authority, RB, Savannah College of Art & Design (continued): 5.00%, 4/01/44	\$ 1,775	\$ 1,991,887
		21,178,159
Hawaii 0.4%		
State of Hawaii Department of Transportation, COP, AMT: 5.00%, 8/01/27	2,000	2,315,340
5.00%, 8/01/28	1,775	2,034,931
		4,350,271
Illinois 17.4%		
City of Chicago Illinois, GO, Refunding, Series A: 5.00%, 1/01/35	7,280	7,393,423
Project, 5.25%, 1/01/33	2,340	2,436,174
City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38	3,175	3,275,997
City of Chicago Illinois, Refunding GARB, O Hare International Airport, AMT, Series B, 5.00%, 1/01/31	2,425	2,681,104
City of Chica		