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BLACKROCK MUNIYIELD CALIFORNIA QUALITY FUND, 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: 811-06692

Name of Fund: BlackRock MuniYield California Quality Fund, Inc. (MCA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield
California Quality Fund, 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: 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

	6-month	12-month
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.

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

^(a) 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.

^(b) 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.

^(c) The distribution rate is not constant and is subject to change.

^(d) 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 ^{(a)(b)}	(7.85)%	0.87%
Lipper General & Insured Municipal Debt Funds (Leveraged) ^(c)	(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

	07/31/18	07/31/17	Change	High	Low
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

Sector	07/31/18	07/31/17
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 ^(c)

Calendar Year Ended December 31,	
2018	8%
2019	12
2020	3
2021	18
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 ^(a)

<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 ^(b)	3	2

- ^(a) 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.

- ^(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.

FUND SUMMARY

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

^(a) 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.

^(b) 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.

^(c) The distribution rate is not constant and is subject to change.

^(d) 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 ^{(a)(b)}	(8.07)%	1.86%
Lipper California Municipal Debt Funds ^(c)	(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

	<i>07/31/18</i>	<i>07/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
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

<i>Sector</i>	<i>07/31/18</i>	<i>07/31/17</i>
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 ^(b)

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

^(b) 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 ^(a)

<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

^(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.

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

^(a) 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.

^(b) 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.

^(c) The distribution rate is not constant and is subject to change.

^(d) 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	
	Market Price	NAV
MYN ^{(a)(b)}	(6.00)%	1.07%
Lipper New York Municipal Debt Funds ^(c)	(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 ^(c)

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 ^(a)

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

^(a) 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.

^(b) 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.

^(c) The distribution rate is not constant and is subject to change.

^(d) 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 ^{(a)(b)}	(10.18)%	2.02%
Lipper General & Insured Municipal Debt Funds (Leveraged) ^(c)	(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 ^(c)

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 ^(a)

<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 ^(b)	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>
Municipal Bonds 130.5%		
Alabama 2.1%		
City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 06/01/19 ^(a)	\$ 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
California 20.6%		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18 ^(a)	5,050	5,083,532
California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 08/15/20 ^(a)	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 ^(a)	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 ^(a)	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 ^(a)	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 ^(a)	2,670	2,976,035
Regents of the University of California Medical Center Pooled Revenue, Refunding RB, Series J:		
5.25%, 05/15/23 ^(a)	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

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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
Colorado 2.1%		
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 ^(a)	3,300	3,416,061
		6,549,745
	<i>Par</i>	
	<i>(000)</i>	<i>Value</i>
<i>Security</i>		
Connecticut 1.0%		
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
Florida 20.7%		
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 ^(a)	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 ^(a)	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 ^(a)	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 ^(a)	6,965	7,689,290
		63,132,701
Hawaii 1.7%		
State of Hawaii Airports System Revenue, ARB, Series A, AMT, 5.00%, 07/01/45	2,805	3,112,204

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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 ^(a)	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 ^(a)	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>
Illinois (continued)		
City of Chicago Illinois Transit Authority, RB:		
Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 12/01/18 ^(a)	\$ 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 ^(a) :		
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
Indiana 0.9%		
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC):		
5.50%, 01/01/19 ^(a)	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
Louisiana 1.5%		
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
Maryland 2.7%		
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
Massachusetts 1.1%			
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
Michigan 1.2%			
Hudsonville Michigan Public Schools, GO, School Building & Site (Q-SBLF),			
5.25%, 05/01/21 ^(a)	3,420	3,738,641	
Minnesota 1.0%			
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC):			
6.50%, 11/15/18 ^(a)	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>
Minnesota (continued)			
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
Mississippi 1.3%			
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 ^(a)	1,000	1,153,310	
			3,841,421
Montana 0.3%			
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
Nevada 2.3%			
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
New Jersey 7.4%			
New Jersey EDA, RB:			

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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
New York 9.5%		
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 ^(a)	580	638,064
5.75%, 02/15/47	360	391,723
Metropolitan Transportation Authority, RB: Series A, 5.25%, 11/15/21 ^(a)	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>
New York (continued)		
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
Ohio 0.9%		
State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1, 5.25%, 02/15/31	2,500	2,795,350
Oklahoma 0.5%		
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
Pennsylvania 7.6%		
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
South Carolina 6.0%		
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:		

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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
Tennessee 1.1%		
Metropolitan Nashville Airport Authority, ARB, Series B, AMT, 5.00%, 07/01/40	3,000	3,332,490
Texas 11.7%		
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 ^(b)	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 ^(a)	6,345	6,565,616
6.00%, 11/15/35	355	367,457
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
Texas (continued)		
County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC):		
6.50%, 01/01/19 ^(a)	\$ 620	\$ 633,175
6.50%, 07/01/37	2,380	2,426,767
Dallas Texas Area Rapid Transit, Refunding RB, Senior Lien ^(a) :		
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 ^(a)	5,480	6,058,798
North Texas Tollway Authority, Refunding RB:		
1st Tier System, Series K-2 (AGC), 6.00%, 01/01/19 ^(a)	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
Vermont 0.9%		
University of Vermont & State Agricultural College, Refunding RB, 5.00%, 10/01/43	2,535	2,869,012
Virginia 2.5%		
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 ^(a)	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
Washington 6.4%		
City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 02/01/21 ^(a)	2,400	2,605,608

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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 ^(a)	1,865	2,024,775
		19,417,614
Wyoming 0.2%		
State of Wyoming Municipal Power Agency, Inc., Refunding RB, Series A (BAM),		
5.00%, 01/01/42	570	636,234
Total Municipal Bonds 130.5%		
(Cost \$377,820,325)		398,398,533
Municipal Bonds Transferred to Tender Option Bond Trusts^(c)		
California 2.8%		
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>
Connecticut 1.1%		
State of Connecticut Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45	\$ 3,061	\$ 3,417,691
District of Columbia 0.6%		
District of Columbia Water & Sewer Authority, Refunding RB, Series A, 6.00%, 10/01/18 ^{(a)(d)}	1,699	1,711,485
Illinois 4.3%		
City of Chicago Illionis Waterworks Revenue, Refunding RB, Water Revenue Project (AGM), 2nd Lien:		
2017, 5.25%, 11/01/18 ^(a)	2,628	2,650,427
2017, 5.25%, 11/01/33	763	769,186
5.25%, 11/01/18 ^(a)	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
Maryland 0.9%		
City of Baltimore Maryland, RB, Wastewater Project, Series A, 5.00%, 07/01/46	2,499	2,829,157
Nevada 2.8%		
County of Clark Nevada Water Reclamation District, GO, Series B, 5.50%, 07/01/19 ^(a)	8,247	8,546,376
New Jersey 1.6%		
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 ^(d)	1,500	1,564,284
		5,005,835
New York 7.2%		
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 ^(d)	4,400	4,888,596
		21,938,134

Pennsylvania 1.9%		
Commonwealth of Pennsylvania, GO, 1st Series, 4.00%, 03/01/38 ^(d)	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>
Texas 1.5%		
County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38	\$ 4,296	\$ 4,667,317
Utah 0.9%		
City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 08/15/19 ^(a)	2,504	2,592,522
Virginia 1.4%		
County of Fairfax Virginia EDA, RB, Metrorail Parking System Project, 5.00%, 04/01/47 ^(d)	3,720	4,228,189
Total Municipal Bonds Transferred to Tender Option Bond Trusts 27.0% (Cost \$80,086,559)		82,337,276
Total Long-Term Investments 157.5% (Cost \$457,906,884)		480,735,809
		<i>Shares</i>
Short-Term Securities 0.9%		
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.85% ^{(e)(f)}	2,901,453	2,902,034
Total Short-Term Securities 0.9% (Cost \$2,901,745)		2,902,034
Total Investments 158.4% (Cost \$460,808,629)		483,637,843
Other Assets Less Liabilities 0.4%		1,299,747
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (15.9)%		(48,670,550)
VMTP Shares at Liquidation Value (42.9)%		(131,000,000)
Net Assets Applicable to Common Shares 100.0%		\$ 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,

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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:

Assets	Derivative Financial Instruments	<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 ^(a)	\$	\$	\$	\$	\$ 74,454	\$	\$ 74,454

^(a) 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</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
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Contracts

Net Realized Gain (Loss)

from:

Futures contracts	\$	\$	\$	\$	\$ 1,205,493	\$	\$ 1,205,493
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Net Change in Unrealized

Appreciation (Depreciation)

on:

Futures contracts	\$	\$	\$	\$	\$ 95,462	\$	\$ 95,462
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Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

Average notional value of contracts – short	\$ 18,286,033
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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 ^(a)	\$	\$ 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 ^(b)				
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)