

BLACKROCK MUNIHOLDINGS CALIFORNIA QUALITY FUND, INC.

Form N-CSRS

April 05, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES**

Investment Company Act file number 811-08573

Name of Fund: BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniHoldings California Quality Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2017

Date of reporting period: 01/31/2017

Item 1 Report to Stockholders

JANUARY 31, 2017

SEMI-ANNUAL REPORT (UNAUDITED)

**BlackRock MuniHoldings California Quality Fund, Inc. (MUC)**

**BlackRock MuniHoldings New Jersey Quality Fund, Inc. (MUJ)**

**BlackRock MuniYield Investment Quality Fund (MFT)**

**BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)**

**BlackRock MuniYield Pennsylvania Quality Fund (MPA)**

Not FDIC Insured   May Lose Value   No Bank Guarantee

## The Markets in Review

Dear Shareholder,

The 12 months ended January 31, 2017 was an exceptionally strong period for risk assets (such as stocks and high yield bonds), while higher-quality assets generated muted returns after struggling in the latter part of 2016. As the period began, worries about slowing growth in China and the instability of oil prices had global equity prices sliding. However, the broad market momentum shifted in the second half of 2016 as reflationary expectations in the United States helped drive a pick-up in global growth.

Markets were remarkably resilient during the period. Big surprises such as the United Kingdom's vote to leave the European Union and the outcome of the U.S. presidential election brought spikes in equity market volatility, but they were ultimately short-lived. Instead, investors used the sell-offs to seize upon buying opportunities, allowing markets to quickly rebound. We believe this reinforces the case for taking the long view rather than reacting to short-term market noise.

The global reflationary theme—rising nominal growth, wages and inflation—was the dominant driver of asset returns during the period, outweighing significant political upheavals and uncertainty. This trend accelerated after the U.S. election and continued into the beginning of 2017, stoked by expectations for an extra boost to U.S. growth via fiscal policy.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors including an aging population, low productivity growth and excess savings. A tempered economic growth trend and high valuations across most assets have set the stage for muted investment returns going forward.

Equity markets still have room to move, although the disparity between winners and losers is widening, making stock selection increasingly important. Fixed income investors are also facing challenges as bond markets recalibrate to accommodate rising rates and higher inflation expectations. And in a world where political risk and policy uncertainty abound, there is no lack of potential catalysts for higher volatility.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit [blackrock.com](http://blackrock.com) for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

### Total Returns as of January 31, 2017

|  | 6-month | 12-month |
|--|---------|----------|
| U.S. large cap equities<br>(S&P 500® Index)  | 5.96%   | 20.04%   |
| U.S. small cap equities<br>(Russell 2000® Index)                                   | 12.43   | 33.53    |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)            | 3.49    | 12.03    |
| Emerging market equities<br>(MSCI Emerging Markets Index)                          | 4.92    | 25.41    |
| 3-month Treasury bills<br>(BofA Merrill Lynch 3-Month<br>U.S. Treasury Bill Index) | 0.20    | 0.37     |

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|   |        |        |
|---|--------|--------|
| U.S. Treasury securities<br>(BofA Merrill Lynch<br>10-Year U.S. Treasury<br>Index)                | (7.87) | (3.26) |
| U.S. investment grade bonds<br>(Bloomberg Barclays U.S.<br>Aggregate Bond Index)                  | (2.95) | 1.45   |
| Tax-exempt municipal<br>bonds (S&P Municipal<br>Bond Index)                                       | (2.94) | 0.24   |
| U.S. high yield bonds<br>(Bloomberg Barclays U.S. Corporate High Yield 2% Issuer<br>Capped Index) | 6.09   | 20.77  |

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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SEMI-ANNUAL REPORT

JANUARY 31, 2017

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## Municipal Market Overview

For the Reporting Period Ended January 31, 2017

### Municipal Market Conditions

Municipal bonds generated modestly positive performance for the period, in spite of vastly rising interest rates as a result of generally stronger economic data, signs of inflation pressures, Fed monetary policy normalization, and market expectations for pro-growth fiscal policy. However, ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in strong demand for fixed income investments. Investors favored the income, relative yield, and stability of municipal bonds amid bouts of interest rate volatility (bond prices rise as rates fall) resulting from the United Kingdom's decision to leave the European Union, the contentious U.S. election, and widening central bank divergence i.e., policy easing outside the United States while the Fed slowly commences policy tightening. During the 12 months ended January 31, 2017, municipal bond funds garnered net inflows of approximately \$24 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained robust from a historical perspective at \$451 billion (significantly above the \$394 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 60%) as issuers continued to take advantage of low interest rates and a flatter yield curve to reduce their borrowing costs.

| S&P Municipal Bond Index             |         |
|--------------------------------------|---------|
| Total Returns as of January 31, 2017 |         |
| 6 months:                            | (2.94)% |
| 12 months:                           | 0.24%   |

### A Closer Look at Yields

From January 31, 2016 to January 31, 2017, yields on AAA-rated 30-year municipal bonds increased by 33 basis points ( bps ) from 2.75% to 3.08%, while 10-year rates rose by 61 bps from 1.71% to 2.32% and 5-year rates increased 63 bps from 1.00% to 1.63% (as measured by Thomson Municipal Market Data). The municipal yield curve modestly flattened over the 12-month period with the spread between 2- and 30-year maturities flattening by

9 bps and the spread between 10- and 30-year maturities flattening by 28 bps.

During the same time period, on a relative basis, tax-exempt municipal bonds broadly underperformed U.S. Treasuries with the greatest underperformance experienced in the intermediate part of the yield curve. In absolute terms, the 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. More broadly, municipal bonds came under pressure post the November U.S. election, erasing a bulk of year-to-date performance and influencing a strong pattern of mutual fund inflows to turn negative in the closing months of the period. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on income as tax rates rise.

### Financial Conditions of Municipal Issuers

The majority of municipal credits remain strong, despite well-publicized distress among a few issuers. Four of the five states with the largest amount of debt outstanding California, New York, Texas and Florida have exhibited markedly improved credit fundamentals during the slow national recovery. However, several states with the largest unfunded pension liabilities have seen their bond prices decline noticeably and remain vulnerable to additional price deterioration. On the local level, Chicago's credit quality downgrade is an outlier relative to other cities due to its larger pension liability and inadequate funding remedies. BlackRock maintains the view that municipal bond defaults will remain minimal and in the periphery while the overall market is fundamentally sound. We continue to advocate careful credit research and believe that a thoughtful approach to structure and security selection remains imperative amid uncertainty in a modestly improving economic environment.

The opinions expressed are those of BlackRock as of January 31, 2017, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make

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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 alternative minimum tax. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.



## The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the distribution rate on, and net asset value ( NAV ) of, their common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

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

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

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

To obtain leverage, each Fund has issued Variable Rate Demand Preferred Shares ( VRDP Shares ), 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  $\frac{3}{4}$  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), a TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements under the 1940 Act.

## Derivative Financial Instruments

The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other asset without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the

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

## Fund Summary as of January 31, 2017

BlackRock MuniHoldings California Quality Fund, Inc.

**Fund Overview**

BlackRock MuniHoldings California Quality Fund, Inc. s (MUC) (the Fund ) investment objective is to provide shareholders with current income exempt from federal and California income taxes. The Fund seeks to achieve its investment objective by investing primarily in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and California income taxes. Under normal market conditions, the Fund invests at least 80% of its assets in investment grade municipal obligations with remaining maturities of one year or more at the time of investment. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s 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 New York Stock Exchange ( NYSE )                                  | MUC               |
| Initial Offering Date   | February 27, 1998 |
| Yield on Closing Market Price as of January 31, 2017 (\$14.40) <sup>1</sup> | 5.13%             |
| Tax Equivalent Yield <sup>2</sup>   | 10.45%            |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.0615          |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.7380          |
| Economic Leverage as of January 31, 2017 <sup>4</sup>                       | 41%               |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal federal and state tax rate of 50.93%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

<sup>4</sup> Represents 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 six months ended January 31, 2017 were as follows:

|   | Returns Based On |         |
|---|------------------|---------|
|   | Market Price     | NAV     |
| MUC <sup>1,2</sup>                                  | (9.34)%          | (5.20)% |
| Lipper California Municipal Debt Funds <sup>3</sup> | (8.72)%          | (5.28)% |

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

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- <sup>2</sup> The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.
- <sup>3</sup> Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

California underperformed the national tax-exempt market, reflecting an unwinding of previously tight credit spreads for state and local issues, together with a larger calendar of new issuance. Despite the after-tax value provided by California muni bonds for retail investors subject to the state's high tax brackets, California funds were not immune to the redemptions experienced by both the general market and high-yield products in the latter part of the six month reporting period.

At the sector level, local school district and health care sectors represented the largest detractors from performance due to their higher weightings. To the extent that the Fund held zero coupon bonds, these positions detracted since the bonds' longer duration accentuated the negative price performance in a down market. (Duration is a measure of interest rate sensitivity.)

Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates. The Fund continued to employ leverage in order to increase income. Since leverage also amplifies the effect of market movements, it was a net detractor from performance at a time of falling prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose as prices fell, this aspect of the Fund's positioning had a positive effect on returns. The Fund's exposure to pre-refunded issues also benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields.

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

## BlackRock MuniHoldings California Quality Fund, Inc.

## Market Price and Net Asset Value Per Share Summary

|                 | 1/31/17  | 7/31/16  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 14.40 | \$ 16.28 | (11.55)% | \$ 16.35 | \$ 13.53 |
| Net Asset Value | \$ 15.27 | \$ 16.51 | (7.51)%  | \$ 16.54 | \$ 14.92 |

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

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

| Sector Allocation                            | 1/31/17 | 7/31/16 |
|--|---------|---------|
| County/City/Special District/School District | 40%     | 40%     |
| Utilities                                    | 19      | 19      |
| Transportation                               | 16      | 15      |
| Health                                       | 14      | 14      |
| Education                                    | 5       | 5       |
| State  | 5       | 5       |
| Corporate                                    | 1       | 2       |

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

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

| Calendar Year Ended December 31, |     |
|----------------------------------|-----|
| 2017                             | 11% |
| 2018                             | 12  |
| 2019                             | 15  |
| 2020                             | 5   |
| 2021                             | 13  |

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

\* Excludes short-term securities.

| Credit Quality Allocation <sup>1</sup> | 1/31/17 | 7/31/16 |
|--|---------|---------|
| AAA/Aaa                                | 15%     | 16%     |
| AA/Aa                                  | 73      | 73      |
| A                                      | 10      | 8       |
| BBB/Baa                                | 1       | 1       |
| N/R                                    | 1       | 2       |

<sup>1</sup>

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

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JANUARY 31, 2017

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## Fund Summary as of January 31, 2017

BlackRock MuniHoldings New Jersey Quality Fund, Inc.

**Fund Overview**

BlackRock MuniHoldings New Jersey Quality Fund, Inc. s (MUJ) (the Fund ) investment objective is to provide shareholders with current income exempt from federal income tax and New Jersey personal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and New Jersey personal income taxes. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s 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 NYSE  | MUJ            |
| Initial Offering Date   | March 11, 1998 |
| Yield on Closing Market Price as of January 31, 2017 (\$14.20) <sup>1</sup> | 5.70%          |
| Tax Equivalent Yield <sup>2</sup>   | 11.06%         |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.0675       |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.8100       |
| Economic Leverage as of January 31, 2017 <sup>4</sup>                       | 39%            |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal federal and state tax rate of 48.48%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

<sup>4</sup> Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

**Performance**

Returns for the six months ended January 31, 2017 were as follows:

|   | Returns Based On |         |
|---|------------------|---------|
|   | Market Price     | NAV     |
| MUJ <sup>1,2</sup>                                  | (9.46)%          | (6.03)% |
| Lipper New Jersey Municipal Debt Funds <sup>3</sup> | (9.68)%          | (6.06)% |

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

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

<sup>3</sup> Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

New Jersey underperformed the broader U.S. municipal bond market. The state's credit rating remained under pressure due to continuing budgetary issues, lagging job growth versus the national averages, continued population out-migration and concerns about its pension-funding difficulties.

At the sector level, exposure to state tax-backed, transportation and education sectors detracted from performance. Holdings in longer-duration bonds, which were more sensitive to rising yields, also detracted. (Duration is a measure of interest-rate sensitivity.) Credit spreads widened during the six month reporting period, whereby the Fund's holdings in lower-rated investment-grade bonds were a further detractor.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields.

At a time when lower-quality, longer-dated bonds experienced the largest underperformance, the Fund's positions in high-quality, short-dated issues performed relatively well and helped mitigate the impact of the market decline. The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose as prices fell, this aspect of the Fund's positioning had a positive effect on returns. The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



## BlackRock MuniHoldings New Jersey Quality Fund, Inc.

## Market Price and Net Asset Value Per Share Summary

|                 | 1/31/17  | 7/31/16  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 14.20 | \$ 16.12 | (11.91)% | \$ 16.25 | \$ 13.60 |
| Net Asset Value | \$ 15.13 | \$ 16.55 | (8.58)%  | \$ 16.57 | \$ 14.88 |

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

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

| Sector Allocation                            | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Transportation                               | 24%     | 24%     |
| Education                                    | 20      | 21      |
| State  | 19      | 20      |
| County/City/Special District/School District | 15      | 15      |
| Health                                       | 13      | 11      |
| Housing                                      | 4       | 4       |
| Utilities                                    | 3       | 3       |
| Corporate                                    | 2       | 2       |

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

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

| Calendar Year Ended December 31, |    |
|----------------------------------|----|
| 2017                             | 8% |
| 2018                             | 10 |
| 2019                             | 4  |
| 2020                             | 9  |
| 2021                             | 17 |

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

\* Excludes short-term securities.

| Credit Quality Allocation <sup>1</sup> | 1/31/17 | 7/31/16 |
|--|---------|---------|
| AA/Aa                                  | 58%     | 57%     |
| A                                      | 34      | 35      |
| BBB/Baa                                | 8       | 8       |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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## Fund Summary as of January 31, 2017

BlackRock MuniYield Investment Quality Fund

## Fund Overview

BlackRock MuniYield Investment Quality Fund's (MFT) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from 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 federal income taxes (except that the interest may be subject to the 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 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  | MFT              |
| Initial Offering Date   | October 30, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$14.41) <sup>1</sup> | 5.91%            |
| Tax Equivalent Yield <sup>2</sup>   | 10.44%           |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.071          |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.852          |
| Economic Leverage as of January 31, 2017 <sup>4</sup>                       | 40%              |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

<sup>3</sup> The monthly distribution per Common Share, declared on March 1, 2017, was decreased to \$0.067 per share. The yield on closing market price, current monthly distribution per Common Share and current annualized distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future.

<sup>4</sup> Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

## Performance

Returns for the six months ended January 31, 2017 were as follows:

|  | Returns Based On |         |
|--|------------------|---------|
|  | Market Price     | NAV     |
| MFT <sup>1,2</sup>   | (7.78)%          | (4.97)% |
| Lipper General & Insured Municipal Debt Funds (Leveraged) <sup>3</sup> | (7.34)%          | (5.63)% |

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

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

<sup>3</sup> Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

Positions in bonds with longer maturities declined the most in value since they typically have longer durations (above-average interest rate sensitivity). The Fund's exposure to issues with 4% coupons also detracted from results, as lower coupons generally underperform in rising rate environments.

From a sector allocation perspective, the Fund's exposure to transportation and utilities sectors were the largest detractors.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose as prices fell, this aspect of the Fund's positioning had a positive effect on returns. Positions in high-quality, short-duration bonds such as pre-refunded securities held up relatively well in the down market due to their lower interest rate sensitivity.

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

**BlackRock MuniYield Investment Quality  
Fund**

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

|                 | 1/31/17 | 7/31/16 | Change   | High     | Low      |
|-----------------|---------|---------|----------|----------|----------|
| Market Price    | \$14.41 | \$16.09 | (10.44)% | \$ 16.43 | \$ 13.23 |
| Net Asset Value | \$14.35 | \$15.55 | (7.72)%  | \$ 15.55 | \$ 14.10 |

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

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

| Sector Allocation                            | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Transportation                               | 38%     | 40%     |
| County/City/Special District/School District | 18      | 15      |
| Utilities                                    | 16      | 19      |
| Health                                       | 11      | 10      |
| State  | 9       | 9       |
| Education                                    | 4       | 3       |
| Housing                                      | 2       | 2       |
| Tobacco                                      | 1       | 1       |
| Corporate                                    | 1       | 1       |

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

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

| Calendar Year Ended December 31, |     |
|----------------------------------|-----|
| 2018                             | 10% |
| 2019                             | 25  |
| 2020                             | 4   |
| 2021                             | 20  |

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

\* Excludes short-term securities.

| Credit Quality Allocation <sup>1</sup> | 1/31/17 | 7/31/16 |
|--|---------|---------|
| AAA/Aaa                                | 7%      | 6%      |
| AA/Aa                                  | 58      | 62      |
| A                                      | 26      | 25      |
| BBB/Baa                                | 8       | 7       |
| N/R                                    | 1       |         |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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## Fund Summary as of January 31, 2017

BlackRock MuniYield Michigan Quality Fund, Inc.

**Fund Overview**

BlackRock MuniYield Michigan Quality Fund, Inc. s (MIY) (the Fund ) investment objective is to provide shareholders with as high a level of current income exempt from federal and Michigan 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 federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and Michigan 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 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  | MIY              |
| Initial Offering Date   | October 30, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$13.70) <sup>1</sup> | 5.61%            |
| Tax Equivalent Yield <sup>2</sup>   | 10.35%           |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.064          |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.768          |
| Economic Leverage as of January 31, 2017 <sup>4</sup>                       | 39%              |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal federal and state tax rate of 45.81%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

<sup>4</sup> Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

**Performance**

Returns for the six months ended January 31, 2017 were as follows:

|   | Returns Based On |         |
|---|------------------|---------|
|   | Market Price     | NAV     |
| MIY <sup>1,2</sup>                                    | (8.48)%          | (4.98)% |
| Lipper Other States Municipal Debt Funds <sup>3</sup> | (8.44)%          | (5.37)% |

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

- <sup>2</sup> The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.
- <sup>3</sup> Average return.

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

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

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

Michigan's municipal bond market performed in line with the broader national indices during the period. The slightly longer duration (interest-rate sensitivity) of the Michigan index was a headwind during a period of sharply rising yields. However, the state's economy has benefited from a cyclical upturn in manufacturing in the last few years, helping its unemployment rate to fall in line with national averages after lagging considerably previously. Michigan's fiscal picture has improved in kind, and its budget has moved into surplus.

The Fund's duration positioning detracted from performance on an absolute basis, reflecting the aggressive increase in municipal bond yields. The Fund's exposure to the long end of the yield curve also detracted, as longer-term bonds sold off more than shorter-term issues. Additionally, holdings in the healthcare-related sectors underperformed due to uncertainty surrounding the future of the Affordable Care Act.

Portfolio income, which was enhanced by the Fund's use of leverage, made a positive contribution during a period of falling prices. However, leverage also served to accentuate the price declines associated with rising yields. The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose as prices fell, this aspect of the Fund's positioning had a positive effect on returns.

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



## BlackRock MuniYield Michigan Quality Fund, Inc.

## Market Price and Net Asset Value Per Share Summary

|                 | 1/31/17 | 7/31/16 | Change   | High     | Low      |
|-----------------|---------|---------|----------|----------|----------|
| Market Price    | \$13.70 | \$15.38 | (10.92)% | \$ 15.40 | \$ 13.25 |
| Net Asset Value | \$15.13 | \$16.36 | (7.52)%  | \$ 16.36 | \$ 14.82 |

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

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

| Sector Allocation                            | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Health                                       | 27%     | 25%     |
| Education                                    | 23      | 23      |
| County/City/Special District/School District | 17      | 19      |
| State  | 10      | 9       |
| Utilities                                    | 10      | 10      |
| Transportation                               | 7       | 7       |
| Housing                                      | 4       | 4       |
| Corporate                                    | 2       | 3       |

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

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

| Calendar Year Ended December 31, |    |
|----------------------------------|----|
| 2017                             | 7% |
| 2018                             | 12 |
| 2019                             | 5  |
| 2020                             | 5  |
| 2021                             | 17 |

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

\* Excludes short-term securities.

| Credit Quality Allocation <sup>1</sup> | 1/31/17 | 7/31/16 |
|--|---------|---------|
| AAA/Aaa                                | 3%      | 3%      |
| AA/Aa                                  | 66      | 69      |
| A                                      | 26      | 26      |
| BBB/Baa                                | 3       | 1       |
| N/R                                    | 2       | 1       |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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## Fund Summary as of January 31, 2017

## BlackRock MuniYield Pennsylvania Quality Fund

## Fund Overview

BlackRock MuniYield Pennsylvania Quality Fund's (MPA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from federal and Pennsylvania 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 federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and Pennsylvania 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 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  | MPA              |
| Initial Offering Date   | October 30, 1992 |
| Yield on Closing Market Price as of January 31, 2017 (\$14.45) <sup>1</sup> | 5.17%            |
| Tax Equivalent Yield <sup>2</sup>   | 9.42%            |
| Current Monthly Distribution per Common Share <sup>3</sup>                  | \$0.0623         |
| Current Annualized Distribution per Common Share <sup>3</sup>               | \$0.7476         |
| Economic Leverage as of January 31, 2017 <sup>4</sup>                       | 40%              |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> Tax equivalent yield assumes the maximum marginal federal and state tax rate of 45.14%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

<sup>4</sup> Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

## Performance

Returns for the six months ended January 31, 2017 were as follows:

|   | Returns Based On |         |
|---|------------------|---------|
|   | Market Price     | NAV     |
| MPA <sup>1,2</sup>                                    | (7.82)%          | (6.41)% |
| Lipper Pennsylvania Municipal Debt Funds <sup>3</sup> | (9.20)%          | (5.26)% |

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- <sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.
- <sup>2</sup> The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.
- <sup>3</sup> Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

Municipal bonds lost ground in the six-month reporting period. After producing slightly positive returns in August, municipal bonds began to move lower in September and October due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump's election victory caused investors to adjust their expectations in favor of stronger growth and tighter Fed policy. The municipal market subsequently stabilized and retraced some of its losses in December and January as the relative attractiveness of the asset class brought in new investors, but the modest rally was insufficient to make up for the earlier downturn.

Yield spreads were steady for Pennsylvania's general obligation municipal bonds after Governor Tom Wolf signed a \$31.5 billion budget for fiscal year 2017 in July. The rating agency Standard & Poor's subsequently removed the commonwealth from credit watch status and affirmed its AA-minus rating. Conversely, elevated supply and widening spreads in the health care and transportation sectors, the largest sectors in the state, weighed on the performance of these bonds.

At the sector level, health care, education and transportation sectors represented the largest detractors from Fund performance. Holdings in the corporate municipal sector also detracted, as a specific issuer received a multi-notch downgrade due to its deteriorating credit fundamentals. Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

The Fund's more-seasoned holdings, while producing generous yields compared to current market rates, detracted from performance. The prices of many of these investments declined due to the premium amortization that occurred as the bonds approached their first call dates. (A call is when an issuer redeems a bond prior to its maturity date; premium is amount by which a bond trades above its \$100 par value.)

The Fund continued to employ leverage in order to increase income. Since leverage also amplifies the effect of market movements, it was a net detractor from performance at a time of falling prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose as prices fell, this aspect of the Fund's positioning had a positive effect on returns. The Fund's exposure to pre-refunded issues also benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields.

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

## BlackRock MuniYield Pennsylvania Quality Fund

## Market Price and Net Asset Value Per Share Summary

|                 | 1/31/17 | 7/31/16 | Change   | High     | Low      |
|-----------------|---------|---------|----------|----------|----------|
| Market Price    | \$14.45 | \$16.07 | (10.08)% | \$ 16.66 | \$ 13.84 |
| Net Asset Value | \$15.30 | \$16.76 | (8.71)%  | \$ 16.77 | \$ 14.94 |

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

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

| Sector Allocation                            | 1/31/17 | 7/31/16 |
|--|---------|---------|
| Health                                       | 20%     | 20%     |
| Education                                    | 20      | 20      |
| County/City/Special District/School District | 19      | 20      |
| State  | 14      | 13      |
| Transportation                               | 12      | 12      |
| Housing                                      | 8       | 7       |
| Utilities                                    | 5       | 6       |
| Corporate                                    | 2       | 2       |

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

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

| Calendar Year Ended December 31, |    |
|----------------------------------|----|
| 2017                             | 6% |
| 2018                             | 11 |
| 2019                             | 11 |
| 2020                             | 7  |
| 2021                             | 15 |

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

\* Excludes short-term securities.

| Credit Quality Allocation <sup>1</sup> | 1/31/17 | 7/31/16 |
|--|---------|---------|
| AAA/Aaa                                | 1%      | 1%      |
| AA/Aa                                  | 63      | 62      |
| A                                      | 25      | 23      |

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|                  |   |   |
|------------------|---|---|
| BBB/Baa          | 6 | 6 |
| BB/Ba            |   | 2 |
| CCC              | 2 |   |
| N/R <sup>3</sup> | 5 | 6 |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>2</sup> Represents less than 1%.

<sup>3</sup> The investment adviser evaluates the credit quality of unrated 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 January 31, 2017 and July 31, 2016, the market value of unrated securities deemed by the investment adviser to be investment grade represents 2% and 1%, respectively, of the Fund's total investments.

## Schedule of Investments January 31, 2017 (Unaudited)

## BR MuniHoldings California Quality Fund, Inc. (MUC)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>California 106.3%</b>  |            |              |
| <b>Corporate 2.7%</b>   |            |              |
| California Pollution Control Financing Authority, Refunding RB, Waste Management, Inc., AMT:                              |            |              |
| Series A-1, 3.38%, 7/01/25  | \$ 5,000   | \$ 5,056,650 |
| Series B-1, 3.00%, 11/01/25   | 9,000      | 8,938,080    |
| City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34                          | 2,435      | 2,659,799    |
|   |            | 16,654,529   |
| <b>County/City/Special District/School District 36.3%</b>   |            |              |
| Centinela Valley Union High School District, GO, Election of 2010, Series A, 5.75%, 8/01/21 (a)                           | 9,120      | 10,794,614   |
| Chabot-Las Positas Community College District, GO, Refunding, 4.00%, 8/01/35  | 5,000      | 5,208,800    |
| County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 2/01/19 (a)                         | 3,500      | 3,836,210    |
| County of Los Angeles California Public Works Financing Authority, Refunding RB, Series D: 4.00%, 12/01/40                | 1,000      | 1,017,100    |
| 5.00%, 12/01/45   | 1,430      | 1,609,065    |
| County of Orange California Sanitation District, COP, Series A, 5.00%, 2/01/19 (a)  | 2,500      | 2,692,400    |
| County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36 | 2,665      | 3,083,805    |
| County of Ventura California Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/18 (a)               | 4,000      | 4,270,720    |
| Culver City Redevelopment Finance Authority California, Refunding, Tax Allocation Bonds, Series A (AGM), 5.60%, 11/01/25  | 3,750      | 3,762,825    |
| Denair California Unified School District, GO, CAB (AGM), Election of 2007, 0.00%, 8/01/41 (b)                            | 4,260      | 1,394,639    |
| Desert Community College District California, GO, Election of 2004, Series C (AGM), 5.00%, 8/01/17 (a)                    | 16,530     | 16,881,758   |
| Fremont Union High School District, GO, Refunding, 4.00%, 8/01/40   | 2,500      | 2,601,925    |
| Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 8/01/40                                      | 5,500      | 6,285,180    |
| Gavilan Joint Community College District, GO, Election of 2004, Series D: 5.50%, 8/01/31                                  | 2,170      | 2,454,096    |
| 5.75%, 8/01/35  | 8,400      | 9,573,396    |
| Golden Empire Schools Financing Authority, Refunding RB, Kern High School District Projects, 1.16%, 5/01/17 (c)           | 5,000      | 5,000,000    |
| Grossmont California Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/21 (a)                              | 2,000      | 2,397,580    |
| Imperial Irrigation District, Series A, Electric System Revenue, 5.13% 11/01/18 (a)                                       | 8,000      | 8,572,320    |
|   | <b>Par</b> |              |
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>California (continued)</b>   |            |              |
| <b>County/City/Special District/School District (continued)</b>   |            |              |
| Kern Community College District, GO, Safety Repair & Improvements, Series C: 5.25%, 11/01/32                              | \$ 5,715   | \$ 6,662,204 |
| 5.75%, 11/01/34   | 12,085     | 14,453,418   |
| Los Alamitos Unified School District, GO, Refunding, School Facilities Improvement: 5.25%, 8/01/23 (a)                    | 2,185      | 2,634,433    |
| 5.25%, 8/01/39  | 1,515      | 1,735,160    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (NPFGC), 5.00%, 8/01/17 (a)             | 6,645      | 6,786,406    |
| Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35                                       | 11,000     | 12,092,850   |
| Mount San Jacinto Community College District, GO, Series A, 5.00%, 8/01/35  | 3,565      | 4,059,180    |
| Oxnard Union High School District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/35                        | 10,000     | 10,958,000   |
| Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33                                   | 5,000      | 5,273,050    |
| Rio Elementary School District, GO, Series A, 5.25%, 8/01/40  | 5,865      | 6,664,810    |

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|   |       |           |
|---|-------|-----------|
| Riverside Community College District Foundation, GO, Election of 2004 (a):                                |       |           |
| Series C (AGM), 5.00%, 8/01/17  | 8,750 | 8,936,200 |
| Series C (NPFGC), 5.00%, 8/01/17  | 8,910 | 9,099,605 |
| San Diego Regional Building Authority, RB, County Operations Center & Annex, Series A, 5.50%, 2/01/19 (a) |       |           |
|   | 905   | 982,640   |
| San Diego Unified School District, GO, CAB, Series C (b):   |       |           |
| Election of 2008, 0.00%, 7/01/42  | 3,605 | 1,204,503 |
| Election of 2008, 0.00%, 7/01/43  | 1,310 | 418,139   |
| Election of 2008, 0.00%, 7/01/45  | 1,575 | 458,530   |
| 0.00%, 7/01/47  | 1,000 | 266,430   |
| San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A: |       |           |
| 5.75%, 5/01/36  | 2,560 | 2,566,886 |
| 5.75%, 5/01/42  | 4,500 | 5,113,305 |
| San Jose California Financing Authority, Refunding LRB, Civic Center Project, Series A, 5.00%, 6/01/39    |       |           |
|   | 5,800 | 6,439,624 |
| San Marcos Redevelopment Agency Successor Agency, Refunding, Tax Allocation Bonds, Series A:              |       |           |
| 5.00%, 10/01/32   | 1,700 | 1,936,844 |
| 5.00%, 10/01/33   | 1,125 | 1,276,256 |
| Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/19 (a)        |       |           |
|   | 5,635 | 6,286,237 |

### Portfolio Abbreviations

|              |   |             |                                  |                |   |
|--------------|---|-------------|----------------------------------|----------------|---|
| <b>AGC</b>   | Assured Guarantee Corp.                 | <b>COP</b>  | Certificates of Participation    | <b>IDB</b>     | Industrial Development Board            |
| <b>AGM</b>   | Assured Guaranty Municipal Corp.        | <b>EDA</b>  | Economic Development Authority   | <b>ISD</b>     | Independent School District             |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp. | <b>EDC</b>  | Economic Development Corp.       | <b>LRB</b>     | Lease Revenue Bonds                     |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)    | <b>ERB</b>  | Education Revenue Bonds          | <b>M/F</b>     | Multi-Family                            |
| <b>ARB</b>   | Airport Revenue Bonds                   | <b>GAB</b>  | Grant Anticipation Bonds         | <b>NPFGC</b>   | National Public Finance Guarantee Corp. |
| <b>BAM</b>   | Build America Mutual Assurance Co.      | <b>GARB</b> | General Airport Revenue Bonds    | <b>Q-SBLF</b>  | Qualified School Bond Loan Fund         |
| <b>BARB</b>  | Building Aid Revenue Bonds              | <b>GO</b>   | General Obligation Bonds         | <b>RB</b>      | Revenue Bonds                           |
| <b>BHAC</b>  | Berkshire Hathaway Assurance Corp.      | <b>HDA</b>  | Housing Development Authority    | <b>S/F</b>     | Single-Family                           |
| <b>CAB</b>   | Capital Appreciation Bonds              | <b>HFA</b>  | Housing Finance Agency           | <b>Syncora</b> | Syncora Guarantee                       |
| <b>CHF</b>   | Swiss Franc                             | <b>IDA</b>  | Industrial Development Authority |                |   |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BR MuniHoldings California Quality Fund, Inc. (MUC)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| <b>County/City/Special District/School District (continued)</b>   |              |              |
| Sweetwater Union High School District, GO, Refunding, 4.00%, 8/01/42  | \$ 5,000     | \$ 5,052,800 |
| West Contra Costa California Unified School District, GO:<br>Election of 2010, Series A (AGM), 5.25%, 8/01/41               | 5,390        | 6,080,243    |
| Election of 2010, Series B, 5.50%, 8/01/39  | 3,195        | 3,714,731    |
| Election of 2012, Series A, 5.50%, 8/01/39  | 2,500        | 2,906,675    |
| Yuba Community College District, GO, BAM, Election of 2006, Series C, 0.00%, 8/01/38 (b)                                    | 5,150        | 2,089,509    |
|   |              | 227,585,101  |
| <b>Education 2.6%</b>   |              |              |
| California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42   | 2,750        | 3,119,050    |
| University of California, Refunding RB:<br>Series AO, 5.00%, 5/15/40  | 5,430        | 6,191,558    |
| Series AR, 5.00%, 5/15/41   | 2,360        | 2,705,032    |
| Series AR, 5.00%, 5/15/46   | 3,600        | 4,110,768    |
|   |              | 16,126,408   |
| <b>Health 11.3%</b>   |              |              |
| ABAG Finance Authority for Nonprofit Corps., Refunding RB, Sharp Healthcare, Series B,<br>6.25%, 8/01/39                    | 6,305        | 6,997,730    |
| California Health Facilities Financing Authority, RB:<br>Children's Hospital, Series A, 5.25%, 11/01/41                     | 8,000        | 8,839,440    |
| Providence Health Services, Series B, 5.50%, 10/01/39   | 4,130        | 4,497,818    |
| Sutter Health, Series B, 6.00%, 8/15/42   | 9,655        | 10,996,466   |
| California Health Facilities Financing Authority, Refunding RB:<br>Dignity Health, Series A, 6.00%, 7/01/19 (a)             | 3,700        | 4,111,403    |
| Providence Health and Services, Series A, 5.00%, 10/01/38   | 10,970       | 12,145,326   |
| St. Joseph Health System, Series A, 5.00%, 7/01/37  | 10,000       | 11,054,700   |
| Sutter Health, Series B, 5.00%, 11/15/46  | 2,275        | 2,526,024    |
| California Statewide Communities Development Authority, Refunding RB:<br>CHF Irvine LLC, 5.00%, 5/15/40                     | 750          | 799,275      |
| Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41  | 6,235        | 6,916,298    |
| Washington Township Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/38                                    | 1,625        | 1,859,650    |
|   |              | 70,744,130   |
| <b>State 7.7%</b>   |              |              |
| State of California, GO, Various Purposes:<br>6.00%, 3/01/33  | 5,000        | 5,659,550    |
| 6.00%, 4/01/38  | 27,765       | 30,459,038   |
| State of California, GO, Refunding, Veterans Bond, 4.00%, 12/01/40  | 4,000        | 4,050,880    |
| State of California Public Works Board, LRB:<br>Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34 | 3,670        | 4,060,121    |
| Various Capital Projects, Series I, 5.50%, 11/01/33   | 2,015        | 2,376,048    |
| State of California Public Works Board, RB, California State Prisons, Series C,<br>5.75%, 10/01/31                          | 1,205        | 1,398,920    |
|   |              | 48,004,557   |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (continued)</b>   |              |              |
| <b>Transportation 22.0%</b>   |              |              |
| Alameda California Corridor Transportation Authority, Refunding RB, 2nd Subordinate Lien,<br>Series B:<br>5.00%, 10/01/35   | \$ 1,500     | \$ 1,638,060 |
| 4.00%, 10/01/37   | 1,125        | 1,127,644    |
| City & County of San Francisco California Airports Commission, ARB, Series E,<br>6.00%, 5/01/39                             | 9,650        | 10,613,938   |

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|   |        |             |
|---|--------|-------------|
| City & County of San Francisco California Airports Commission, Refunding ARB, AMT:  |        |             |
| 2nd Series 34E (AGM), 5.75%, 5/01/22  | 4,950  | 5,204,381   |
| 2nd Series A, 5.00%, 5/01/29  | 6,435  | 7,204,883   |
| City & County of San Francisco California Airports Commission, Refunding RB, AMT (AGM):   |        |             |
| 2nd Series 32, 5.75%, 5/01/18 (a)   | 2,290  | 2,423,461   |
| Balance 2nd, 5.75%, 5/01/24   | 2,710  | 2,857,939   |
| City of Los Angeles California Department of Airports, ARB:   |        |             |
| AMT, Senior Series A, 5.00%, 5/15/40  | 3,830  | 4,257,543   |
| AMT, Series D, 5.00%, 5/15/35   | 2,000  | 2,233,960   |
| AMT, Series D, 5.00%, 5/15/36   | 1,500  | 1,667,445   |
| Los Angeles International Airport, Senior Series D, 5.25%, 5/15/29  | 2,590  | 2,877,594   |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Series A:                      |        |             |
| 5.25%, 5/15/39  | 5,845  | 6,328,498   |
| Senior, 5.00%, 5/15/40  | 3,000  | 3,307,110   |
| City of San Jose California, Refunding ARB, Series A-1, AMT:  |        |             |
| 5.25%, 3/01/23  | 3,785  | 4,205,362   |
| 6.25%, 3/01/34  | 1,400  | 1,607,564   |
| City of San Jose California, Refunding RB, Series A (AMBAC), 5.00%, 3/01/37   | 8,000  | 8,024,240   |
| County of Orange California, ARB, Series B, 5.75%, 7/01/34  | 6,345  | 6,466,316   |
| County of Sacramento California, Refunding ARB, Senior Series A, 5.00%, 7/01/41   | 2,500  | 2,787,925   |
| County of Sacramento California, ARB:   |        |             |
| Senior Series A (AGC), 5.50%, 7/01/18 (a)   | 8,200  | 8,720,126   |
| Senior Series B, 5.75%, 7/01/39   | 2,650  | 2,803,223   |
| Senior Series B, AMT (AGM), 5.75%, 7/01/28  | 13,275 | 14,069,509  |
| Senior Series B, AMT (AGM), 5.25%, 7/01/33  | 18,000 | 18,904,860  |
| Senior Series B, AMT (AGM), 5.25%, 7/01/39  | 4,995  | 5,208,786   |
| County of Sacramento California Airport System Revenue, Refunding ARB, Airport System Subordinate Revenue, Sub-Series B, 5.00%, 7/01/41 |        |             |
|   | 1,250  | 1,388,675   |
| County of San Bernardino California Transportation Authority, RB, Series A, 5.25%, 3/01/40  | 4,545  | 5,230,659   |
| Port of Los Angeles California Harbor Department, RB, Series B, 5.25%, 8/01/19 (a)  | 5,530  | 6,079,018   |
| Port of Los Angeles California Harbor Department, Refunding RB, Series A, AMT, 5.00%, 8/01/44   | 500    | 547,370     |
|   |        | 137,786,089 |
| <b>Utilities 23.7%</b>  |        |             |
| Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36                              |        |             |
|   | 2,200  | 2,473,570   |
| City of Los Angeles California Department of Water & Power, RB, Series A:   |        |             |
| 5.38%, 7/01/38  | 9,375  | 10,064,250  |
| 5.00%, 7/01/41  | 1,705  | 1,952,788   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BR MuniHoldings California Quality Fund, Inc. (MUC)

|   | Par       |                    |
|---|-----------|--------------------|
|   | (000)     | Value              |
| <b>Municipal Bonds</b>  |           |                    |
| <b>California (continued)</b>   |           |                    |
| <b>Utilities (continued)</b>  |           |                    |
| City of Los Angeles California Department of Water & Power, Refunding RB, Series A:<br>5.25%, 7/01/39                               | \$ 16,000 | \$ 18,078,240      |
| 5.00%, 7/01/46  | 1,845     | 2,105,422          |
| City of Los Angeles California Wastewater System, Refunding RB, Sub-Series A, 5.00%,<br>6/01/28                                     | 2,000     | 2,206,560          |
| City of San Francisco California Public Utilities Commission Water Revenue, RB:<br>Series A, 5.00%, 11/01/39                        | 5,245     | 5,812,194          |
| Series B, 5.00%, 11/01/19 (a)   | 10,000    | 11,040,100         |
| County of Kern California Water Agency Improvement District No. 4, Refunding RB, Series A<br>(AGM):                                 |           |                    |
| 4.00%, 5/01/35  | 1,460     | 1,492,835          |
| 4.00%, 5/01/36  | 1,430     | 1,455,411          |
| County of Los Angeles Sanitation Districts Financing Authority, RB, Series A, 4.00%, 10/01/42                                       | 4,935     | 5,006,015          |
| County of Sacramento California Sanitation Districts Financing Authority, RB, (NPFGC),<br>5.00%, 12/01/36                           | 1,010     | 1,012,868          |
| Dublin-San Ramon Services District Water Revenue, Refunding RB, 6.00%, 8/01/41  | 4,000     | 4,609,200          |
| East Bay California Municipal Utility District Wastewater System Revenue, Refunding RB,<br>Sub-Series A (AMBAC), 5.00%, 6/01/17 (a) | 17,015    | 17,257,464         |
| East Bay California Municipal Utility District Water System Revenue, Refunding RB (a):<br>Series A (NPFGC), 5.00%, 6/01/17          | 6,670     | 6,765,781          |
| Sub-Series A (AGM), 5.00%, 6/01/17  | 10,000    | 10,143,600         |
| Eastern Municipal Water District, COP, Series H, 5.00%, 7/01/18 (a)   | 2,505     | 2,645,581          |
| El Dorado Irrigation District / El Dorado County Water Agency, Refunding RB, Series A<br>(AGM), 5.25%, 3/01/39                      | 10,000    | 11,337,200         |
| San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A,<br>5.25%, 5/15/19 (a)                         | 11,000    | 12,090,792         |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B, 5.50%,<br>8/01/19 (a)                                | 8,000     | 8,847,520          |
| San Juan Water District, Refunding RB, San Juan & Citrus Heights, 5.25%, 2/01/33  | 7,325     | 8,326,474          |
| Santa Clara Valley Water District, Refunding RB, Series A, 5.00%, 6/01/46   | 3,000     | 3,419,970          |
|   |           | 148,143,835        |
| <b>Total Municipal Bonds 106.3%</b>   |           | <b>665,044,649</b> |

**Municipal Bonds Transferred to****Tender Option Bond Trusts (d)****California 60.2%****County/City/Special District/School District 30.3%**

|   |        |            |
|---|--------|------------|
| County of Alameda California Joint Powers Authority, Refunding LRB, (AGM),<br>5.00%, 12/01/17 (a)                             | 13,180 | 13,637,346 |
| County of Riverside California Public Financing Authority, RB, Capital Facilities Project,<br>5.25%, 11/01/45                 | 10,000 | 11,405,667 |
| County of San Luis California Obispo Community College District, GO, Refunding, Election of<br>2014, Series A, 4.00%, 8/01/40 | 6,585  | 6,713,470  |
| County of San Mateo California Community College District, GO, Series A, 5.00%, 9/01/45                                       | 17,615 | 20,077,135 |

**Par****Municipal Bonds Transferred to****Tender Option Bond Trusts (d)****California (continued)****County/City/Special District/School District (continued)**

|   | (000)     | Value         |
|---|-----------|---------------|
| Foothill-De Anza Community College District, GO, Series C, 5.00%, 8/01/21 (a)                                       | \$ 40,000 | \$ 46,063,600 |
| Los Angeles Community College District California, GO (a):<br>Election of 2001, Series E-1, 5.00%, 8/01/18          | 11,770    | 12,479,142    |
| Election of 2003, Series F-1, 5.00%, 8/01/18  | 10,000    | 10,602,500    |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A,<br>6.00%, 8/01/19 (a) | 9,596     | 10,730,218    |

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|  |        |             |
|--|--------|-------------|
| Palomar California Community College District, GO, Election of 2006, Series C, 5.00%, 8/01/44                      | 15,140 | 17,034,165  |
| Sacramento Area Flood Control Agency, Refunding RB, Consolidated Capital Assessment District No.2, 5.00%, 10/01/43 | 9,990  | 11,323,465  |
| Southwestern Community College District, GO, Election of 2008, Series D, 5.00%, 8/01/44                            | 10,820 | 12,182,238  |
| West Valley-Mission Community College District, GO, Election of 2012, Series B, 4.00%, 8/01/40                     | 17,000 | 17,709,240  |
|  |        | 189,958,186 |
| <b>Education 5.9%</b>  |        |             |
| University of California, RB:  |        |             |
| Series AM, 5.25%, 5/15/44  | 10,210 | 11,812,051  |
| Series O, 5.75%, 5/15/19 (a)   | 11,193 | 12,349,124  |
| University of California, Refunding RB:  |        |             |
| Series A, 5.00%, 11/01/43  | 6,001  | 6,824,097   |
| Series AF, 5.00%, 5/15/39  | 5,000  | 5,636,200   |
|  |        | 36,621,472  |
| <b>Health 11.9%</b>  |        |             |
| California Health Facilities Financing Authority, RB, Sutter Health, Series A, 5.00%, 8/15/52                      | 14,520 | 15,641,815  |
| California Health Facilities Financing Authority, Refunding RB:  |        |             |
| Lucile Salter Packard Children's Hospital, Series B, 5.00%, 8/15/55  | 4,500  | 4,962,330   |
| Sutter Health, Series A, 5.00%, 8/15/43  | 19,425 | 21,393,694  |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42            | 19,070 | 20,729,853  |
| Regents of the University of California Medical Center Pooled Revenue, Refunding RB, Series L, 5.00%, 5/15/41      | 10,375 | 11,713,682  |
|  |        | 74,441,374  |
| <b>Transportation 4.0%</b>   |        |             |
| City of Los Angeles California Department of Airports, RB, AMT:  |        |             |
| Los Angeles International Airport, Series B, 5.00%, 5/15/41  | 3,641  | 4,010,441   |
| Senior Revenue, Series A, 5.00%, 5/15/40   | 5,500  | 6,113,965   |
| City of Los Angeles California Department of Airports, Series D, 5.00%, 5/15/41                                    | 13,331 | 14,778,971  |
|  |        | 24,903,377  |
| <b>Utilities 8.1%</b>  |        |             |
| City of Los Angeles California Wastewater System, RB, Green Bonds, Series A, 5.00%, 6/01/44                        | 13,790 | 15,570,978  |
| County of San Diego California Water Authority Financing Corp., COP, Refunding, Series A (AGM), 5.00%, 5/01/18 (a) | 16,740 | 17,587,379  |
| East Bay California Municipal Utility District Water System Revenue, RB, Series C, 5.00%, 6/01/44                  | 11,000 | 12,531,310  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BR MuniHoldings California Quality Fund, Inc. (MUC)

|  | Par<br>(000) | Value          |
|--|--------------|----------------|
| <b>Municipal Bonds Transferred to<br/>Tender Option Bond Trusts (d)<br/>California (continued)</b> |              |                |
| <b>Utilities (continued)</b>   |              |                |
| Rancho Water District Financing Authority, Refunding RB, Series A (AGM):                           |              |                |
| 5.00%, 8/01/18 (a)   | \$ 2,013     | \$ 2,125,695   |
| 5.00%, 8/01/34   | 2,995        | 3,162,761      |
|  |              | 50,978,123     |
| <b>Total Municipal Bonds Transferred to</b>  |              |                |
| <b>Tender Option Bond Trusts 60.2%</b>   |              | 376,902,532    |
| <b>Total Investments (Cost \$999,209,169) 166.5%</b>   |              | 1,041,947,181  |
| <b>Other Assets Less Liabilities 2.8%</b>  |              | 17,863,535     |
| <b>Liability for TOB Trust Certificates, Including Interest</b>                                    |              |                |
| <b>Expense and Fees Payable (28.7)%</b>  |              | (179,845,277)  |
| <b>VMTP Shares at Liquidation Value (40.6)%</b>  |              | (254,000,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |              | \$ 625,965,439 |

## 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) Variable rate security. Rate as of period end.

(d) 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.

During the six months ended January 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:

| Affiliate   | Shares Held<br>at July 31,<br>2016 | Net<br>Activity | Shares Held<br>at January 31,<br>2017 | Value at<br>January 31,<br>2017 | Income    | Net<br>Realized<br>Gain <sup>1</sup> | Change in<br>Unrealized<br>Appreciation<br>(Depreciation) |
|---|------------------------------------|-----------------|---------------------------------------|---------------------------------|-----------|--------------------------------------|---|
| BlackRock Liquidity Funds, MuniCash,<br>Institutional Class |                                    |                 |                                       |                                 | \$ 17,111 | \$ 538                               |   |

<sup>1</sup> Includes net capital gain distributions.

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

## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

| Contracts    | Issue                      | Expiration | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------|----------------|-------------------------|
| Short        |                            |            |                |                         |
| (68)         | 5-Year U.S. Treasury Note  | March 2017 | \$ 8,014,969   | \$ (21,193)             |
| (245)        | 10-Year U.S. Treasury Note | March 2017 | \$ 30,494,844  | (104,165)               |
| (163)        | Long U.S. Treasury Bond    | March 2017 | \$ 24,587,531  | (33,575)                |
| (36)         | Ultra U.S. Treasury Bond   | March 2017 | \$ 5,784,750   | (23,365)                |
| <b>Total</b> |                            |            |                | <b>\$ (182,298)</b>     |

## 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:

| Liabilities       | Derivative Financial Instruments         | Commodity Contracts | Credit Contracts | Equity Exchange Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total      |
|-------------------|--|---------------------|------------------|---------------------------|-------------------------------------|-------------------------|-----------------|------------|
| Futures contracts | Net unrealized depreciation <sup>1</sup> |                     |                  |                           |                                     | \$ 182,298              |                 | \$ 182,298 |

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BR MuniHoldings California Quality Fund, Inc. (MUC)

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

|   | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total        |
|---|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| <b>Net Realized Gain (Loss) from:</b>                           |                     |                  |                  |                                     |                         |                 |              |
| Futures contracts   |                     |                  |                  |                                     | \$ 2,750,878            |                 | \$ 2,750,878 |
| <b>Net Change in Unrealized Appreciation (Depreciation) on:</b> |                     |                  |                  |                                     |                         |                 |              |
| Futures contracts   |                     |                  |                  |                                     | \$ (58,172)             |                 | \$ (58,172)  |

## Average Quarterly Balances of Outstanding Derivative Financial Instruments

|   |               |
|---|---------------|
| Futures contracts:                        |               |
| Average notional value of contracts short | \$ 50,430,086 |

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:

|   | Level 1      | Level 2          | Level 3 | Total            |
|---|--------------|------------------|---------|------------------|
| <b>Assets:</b>                                |              |                  |         |                  |
| Investments:                                  |              |                  |         |                  |
| Long Term Investments <sup>1</sup>            |              | \$ 1,041,947,181 |         | \$ 1,041,947,181 |
| Derivative Financial Instruments <sup>2</sup> |              |                  |         |                  |
| <b>Liabilities:</b>                           |              |                  |         |                  |
| Interest rate contracts                       | \$ (182,298) |                  |         | \$ (182,298)     |

<sup>1</sup> See above Schedule of Investments for values in each sector.

<sup>2</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

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

|                                  | Level 1 | Level 2          | Level 3 | Total            |
|----------------------------------|---------|------------------|---------|------------------|
| <b>Liabilities:</b>              |         |                  |         |                  |
| TOB Trust Certificates           |         | \$ (179,415,265) |         | \$ (179,415,265) |
| VMTP Shares at Liquidation Value |         | (254,000,000)    |         | (254,000,000)    |
| <b>Total</b>                     |         | \$ (433,415,265) |         | \$ (433,415,265) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.



## Schedule of Investments January 31, 2017 (Unaudited)

## BlackRock MuniHoldings New Jersey Quality Fund, Inc. (MUJ)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>New Jersey 139.8%</b>   |              |              |
| <b>Corporate 3.4%</b>  |              |              |
| New Jersey EDA, Refunding RB:  |              |              |
| Duke Farms Foundation Project, 4.00%, 7/01/46  | \$ 2,770     | \$ 2,787,977 |
| New Jersey American Water Co., Inc. Project, AMT, Series A, 5.70%, 10/01/39  | 7,500        | 8,167,350    |
| New Jersey American Water Co., Inc. Project, AMT, Series B, 5.60%, 11/01/34  | 3,150        | 3,430,571    |
| United Water of New Jersey, Inc., Series B (AMBAC), 4.50%, 11/01/25  | 1,000        | 1,035,950    |
|  |              | 15,421,848   |
| <b>County/City/Special District/School District 19.5%</b>  |              |              |
| Borough of Edgewater New Jersey Board of Education, GO, Refunding, (AGM):  |              |              |
| 4.25%, 3/01/34   | 1,535        | 1,599,363    |
| 4.25%, 3/01/35   | 1,600        | 1,665,632    |
| 4.30%, 3/01/36   | 1,670        | 1,739,756    |
| Casino Reinvestment Development Authority, Refunding RB:   |              |              |
| 5.25%, 11/01/39  | 11,130       | 11,055,985   |
| 5.25%, 11/01/44  | 3,755        | 3,690,038    |
| City of Bayonne New Jersey, GO, Refunding, Qualified General Improvement (BAM),  |              |              |
| 5.00%, 7/01/39   | 3,340        | 3,710,540    |
| City of Perth Amboy New Jersey, GO, CAB, Refunding (AGM):  |              |              |
| 5.00%, 7/01/32   | 2,210        | 2,229,094    |
| 5.00%, 7/01/33 (a)   | 670          | 675,729      |
| 5.00%, 7/01/35   | 595          | 599,820      |
| 5.00%, 7/01/37   | 705          | 710,358      |
| County of Essex New Jersey, GO, Vocational School, Series B, 3.00%, 9/01/46  | 3,450        | 2,865,190    |
| County of Essex New Jersey Improvement Authority, Refunding RB, Project Consolidation (NPFGC):                         |              |              |
| 5.50%, 10/01/27  | 250          | 311,928      |
| 5.50%, 10/01/28  | 4,840        | 6,073,716    |
| County of Hudson New Jersey Improvement Authority, RB:   |              |              |
| CAB, Series A-1 (NPFGC), 0.00%, 12/15/32 (b)   | 1,000        | 557,090      |
| Harrison Parking Facility Project, Series C (AGC), 5.25%, 1/01/39  | 3,000        | 3,191,160    |
| Harrison Parking Facility Project, Series C (AGC), 5.38%, 1/01/44  | 5,000        | 5,302,050    |
| County of Middlesex New Jersey Improvement Authority, RB, Senior Citizens Housing Project, AMT (AMBAC), 5.50%, 9/01/30 | 500          | 501,435      |
| County of Monmouth New Jersey Improvement Authority, Refunding RB, Governmental Loan (AMBAC):                          |              |              |
| 5.00%, 12/01/17  | 5            | 5,014        |
| 5.35%, 12/01/17  | 5            | 5,016        |
| 5.00%, 12/01/18  | 5            | 5,013        |
| 5.38%, 12/01/18  | 5            | 5,016        |
| 5.00%, 12/01/19  | 5            | 5,012        |
| County of Union New Jersey, GO, Refunding:   |              |              |
| 4.00%, 3/01/21 (c)   | 80           | 87,649       |
| 4.00%, 3/01/21 (c)   | 75           | 82,171       |
| 4.00%, 3/01/21 (c)   | 70           | 76,693       |
| 4.00%, 3/01/29   | 3,575        | 3,749,496    |
| 4.00%, 3/01/30   | 3,580        | 3,734,763    |
| 4.00%, 3/01/31   | 4,045        | 4,205,586    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>New Jersey (continued)</b>  |              |              |
| <b>County/City/Special District/School District (continued)</b>  |              |              |
| County of Union New Jersey Utilities Authority, Refunding RB, Series A:  |              |              |
| Resources Recovery Facility, Covanta Union, Inc., AMT, 5.25%, 12/01/31   | \$ 650       | \$ 697,755   |
| Solid Waste System, County Deficiency Agreement, 5.00%, 6/15/41  | 7,570        | 8,201,944    |
| Morristown New Jersey Parking Authority, RB, (NPFGC):  |              |              |

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|  |        |            |
|--|--------|------------|
| 5.00%, 8/01/30   | 1,830  | 1,862,226  |
| 5.00%, 8/01/33   | 3,000  | 3,052,560  |
| New Jersey Sports & Exposition Authority, Refunding RB, (NPFGC) (d):   |        |            |
| 5.50%, 3/01/21   | 7,430  | 8,585,811  |
| 5.50%, 3/01/22   | 4,200  | 4,969,650  |
| Newark New Jersey Housing Authority, Refunding RB, Newark Redevelopment Project (NPFGC), 4.38%, 1/01/37                | 1,720  | 1,720,327  |
| Township of Irvington New Jersey, GO, Refunding Series A (AGM), 5.00%, 7/15/33   | 1,175  | 1,306,048  |
|  |        | 88,836,634 |
| <b>Education 31.7%</b>   |        |            |
| County of Gloucester New Jersey Improvement Authority, RB, Rowan University General Capital Improvement Projects:      |        |            |
| 5.00%, 7/01/44   | 1,985  | 2,147,730  |
| Series A, 5.00%, 7/01/31   | 1,950  | 2,169,102  |
| Series A, 5.00%, 7/01/32   | 1,775  | 1,966,239  |
| Series A, 5.00%, 7/01/33   | 2,250  | 2,482,065  |
| Series A, 5.00%, 7/01/34   | 1,200  | 1,319,196  |
| New Jersey EDA, LRB, Rutgers The State University of New Jersey, College Avenue Redevelopment Project, 5.00%, 6/15/33  | 3,065  | 3,467,404  |
| New Jersey EDA, RB, Provident Group Rowan Properties LLC, Series A:  |        |            |
| 5.00%, 1/01/35   | 2,000  | 2,068,600  |
| 5.00%, 1/01/48   | 2,000  | 2,043,180  |
| New Jersey Educational Facilities Authority, RB, Higher Educational Capital Improvement Fund, Series A, 5.00%, 9/01/33 | 6,370  | 6,389,683  |
| New Jersey Educational Facilities Authority, Refunding RB:   |        |            |
| City of New Jersey University Issue, Series D, 4.00%, 7/01/34  | 320    | 321,866    |
| City of New Jersey University Issue, Series D, 4.00%, 7/01/35  | 745    | 746,721    |
| College of New Jersey, Series D (AGM), 5.00%, 7/01/18 (c)  | 3,000  | 3,167,910  |
| College of New Jersey, Series D (AGM), 5.00%, 7/01/18 (c)  | 10,260 | 10,834,252 |
| College of New Jersey, Series F, 4.00%, 7/01/34  | 1,000  | 1,010,150  |
| College of New Jersey, Series F, 4.00%, 7/01/35  | 1,280  | 1,287,962  |
| Montclair State University, Series A, 5.00%, 7/01/39   | 15,555 | 17,195,430 |
| Montclair State University, Series A, 5.00%, 7/01/44   | 3,540  | 3,901,115  |
| Montclair State University, Series B, 5.00%, 7/01/34   | 1,075  | 1,208,891  |
| New Jersey Institute of Technology, Series H, 5.00%, 7/01/31   | 4,000  | 4,342,560  |
| Ramapo College, Series I (AMBAC), 4.25%, 7/01/31   | 2,500  | 2,509,650  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

|  | Par        |              |
|--|------------|--------------|
|  | (000)      | Value        |
| <b>Municipal Bonds</b>   |            |              |
| <b>New Jersey (continued)</b>  |            |              |
| <b>Education (continued)</b>   |            |              |
| New Jersey Educational Facilities Authority, Refunding RB (continued):   |            |              |
| Rowan University, Series B (AGC), 5.00%, 7/01/18 (c)   | \$ 2,575   | \$ 2,717,269 |
| Seton Hall University, Series D, 5.00%, 7/01/38  | 500        | 548,780      |
| Seton Hall University, Series D, 5.00%, 7/01/43  | 600        | 655,992      |
| Stevens Institute of Technology, Series A, 5.00%, 7/01/27  | 2,800      | 2,835,280    |
| Stevens Institute of Technology, Series A, 5.00%, 7/01/34  | 2,400      | 2,429,568    |
| Stockton University, Series A, 5.00%, 7/01/41  | 2,370      | 2,523,718    |
| William Paterson University (AGC), 4.75%, 7/01/18 (c)  | 4,735      | 4,983,445    |
| William Paterson University (AGC), 5.00%, 7/01/18 (c)  | 230        | 242,873      |
| William Paterson University (AGC), 5.00%, 7/01/28  | 20         | 20,931       |
| William Paterson University (AGC), 4.75%, 7/01/34  | 380        | 395,363      |
| New Jersey Higher Education Student Assistance Authority, RB, Senior Student Loan,<br>Series 1A, AMT:                  |            |              |
| 4.00%, 12/01/28  | 1,325      | 1,348,068    |
| 4.50%, 12/01/28  | 3,120      | 3,277,154    |
| 4.00%, 12/01/29  | 5,715      | 5,784,666    |
| 4.00%, 12/01/29  | 880        | 891,581      |
| 4.50%, 12/01/29  | 3,910      | 4,100,652    |
| 4.63%, 12/01/30  | 3,815      | 4,001,859    |
| 4.00%, 12/01/31  | 1,435      | 1,437,899    |
| 4.25%, 12/01/32  | 2,050      | 2,076,609    |
| 4.13%, 12/01/35  | 880        | 873,690      |
| 4.50%, 12/01/36  | 1,805      | 1,840,017    |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT:                                 |            |              |
| 5.38%, 12/01/24  | 1,080      | 1,180,732    |
| 5.50%, 12/01/26  | 1,295      | 1,406,331    |
| New Jersey Institute of Technology, RB, Series A:  |            |              |
| 5.00%, 7/01/42   | 6,945      | 7,630,819    |
| 5.00%, 7/01/45   | 7,500      | 8,165,475    |
| Rutgers The State University of New Jersey, Refunding RB, Series L:  |            |              |
| 5.00%, 5/01/30   | 1,565      | 1,780,313    |
| 5.00%, 5/01/43   | 10,000     | 11,119,600   |
|  |            | 144,848,390  |
| <b>Health 18.9%</b>  |            |              |
| County of Camden New Jersey Improvement Authority, Refunding RB, Cooper Healthcare<br>System, Series A, 5.00%, 2/15/33 |            |              |
|  | 2,000      | 2,097,840    |
| New Jersey Health Care Facilities Financing Authority, RB:   |            |              |
| Meridian Health System Obligated Group, Series I (AGC), 5.00%, 7/01/38   | 1,390      | 1,441,402    |
| Meridian Health System Obligated Group, Series II (AGC), 5.00%, 7/01/38  | 6,865      | 7,136,442    |
| Meridian Health System Obligated Group, Series V (AGC), 5.00%, 7/01/38   | 4,625      | 4,807,873    |
| Robert Wood Johnson University Hospital, Series A, 5.50%, 7/01/43  | 7,105      | 7,949,784    |
| Virtua Health, Series A (AGC), 5.50%, 7/01/38  | 4,035      | 4,356,549    |
|  | <b>Par</b> |              |
| <b>Municipal Bonds</b>   |            |              |
| <b>New Jersey (continued)</b>  |            |              |
| <b>Health (continued)</b>  |            |              |
| New Jersey Health Care Facilities Financing Authority, Refunding RB:   |            |              |
| AHS Hospital Corp., 5.50%, 7/01/21 (c)   | \$ 4,055   | \$ 4,724,845 |
| AHS Hospital Corp., 6.00%, 7/01/21 (c)   | 4,180      | 4,959,236    |
| Catholic Health East Issue, 5.00%, 11/15/33  | 1,925      | 2,104,429    |
| Hackensack University Medical Center (AGC), 5.13%, 1/01/27   | 1,500      | 1,542,615    |
| Hackensack University Medical Center (AGM), 4.63%, 1/01/30   | 7,795      | 8,149,361    |
| Meridian Health System Obligated Group, 5.00%, 7/01/25   | 1,000      | 1,128,340    |
| Meridian Health System Obligated Group, 5.00%, 7/01/26   | 3,720      | 4,166,363    |
| Princeton Healthcare System, 5.00%, 7/01/34  | 1,330      | 1,463,053    |

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|  |        |            |
|--|--------|------------|
| Princeton Healthcare System, 5.00%, 7/01/39  | 1,825  | 1,968,463  |
| RWJ Barnabas Health Obligated Group, Series A, 4.00%, 7/01/43  | 1,865  | 1,849,912  |
| RWJ Barnabas Health Obligated Group, Series A, 5.00%, 7/01/43  | 3,080  | 3,344,788  |
| St. Barnabas Health Care System, Series A, 5.00%, 7/01/21 (c)  | 3,640  | 4,163,978  |
| St. Barnabas Health Care System, Series A, 5.63%, 7/01/21 (c)  | 4,450  | 5,208,681  |
| St. Barnabas Health Care System, Series A, 5.63%, 7/01/21 (c)  | 4,860  | 5,688,581  |
| St. Joseph's Healthcare System Obligated Group, 4.00%, 7/01/34   | 570    | 537,140    |
| St. Joseph's Healthcare System Obligated Group, 5.00%, 7/01/41   | 1,520  | 1,589,631  |
| St. Joseph's Healthcare System Obligated Group, 4.00%, 7/01/48   | 2,020  | 1,816,485  |
| Virtua Health, 5.00%, 7/01/28  | 3,000  | 3,374,190  |
| Virtua Health, 5.00%, 7/01/29  | 715    | 797,797    |
|  |        | 86,367,778 |
| <b>Housing 7.0%</b>  |        |            |
| County of Atlantic New Jersey Improvement Authority, RB, Stockton University Atlantic City, Series A (AGM), 4.00%, 7/01/46 | 1,500  | 1,487,130  |
| New Jersey Housing & Mortgage Finance Agency, RB:  |        |            |
| Capital Fund Program, Series A (AGM), 5.00%, 5/01/27   | 6,450  | 6,597,512  |
| M/F Housing, Series A, 4.55%, 11/01/43   | 4,710  | 4,816,682  |
| M/F Housing, Series A, AMT (NPFGC), 4.85%, 11/01/39  | 1,335  | 1,335,627  |
| S/F Housing, Series AA, 6.50%, 10/01/38  | 190    | 195,571    |
| S/F Housing, Series B, 4.50%, 10/01/30   | 9,455  | 9,902,032  |
| New Jersey Housing & Mortgage Finance Agency, Refunding RB, AMT:   |        |            |
| M/F Housing, Series 2, 4.60%, 11/01/38   | 3,120  | 3,198,998  |
| M/F Housing, Series 2, 4.75%, 11/01/46   | 3,795  | 3,886,763  |
| S/F Housing, Series T, 4.70%, 10/01/37   | 600    | 600,522    |
|  |        | 32,020,837 |
| <b>State 26.1%</b>   |        |            |
| Garden State Preservation Trust, RB, CAB, Series B (AGM) (b):  |        |            |
| 0.00%, 11/01/23  | 15,725 | 12,677,652 |
| 0.00%, 11/01/25  | 10,000 | 7,384,700  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>New Jersey (continued)</b>   |              |              |
| <b>State (continued)</b>  |              |              |
| Garden State Preservation Trust, Refunding RB, Series C (AGM):  |              |              |
| 5.25%, 11/01/20   | \$ 5,000     | \$ 5,609,050 |
| 5.25%, 11/01/21   | 7,705        | 8,782,621    |
| New Jersey EDA, RB:   |              |              |
| CAB, Motor Vehicle Surcharge, Series A (NPFGC), 0.00%, 7/01/21 (b)  | 2,325        | 2,073,389    |
| Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/24   | 1,785        | 2,009,178    |
| Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/25   | 5,000        | 5,606,000    |
| Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/26   | 7,500        | 8,442,450    |
| Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33   | 18,105       | 18,574,825   |
| School Facilities Construction (AGC), 6.00%, 12/15/18 (c)   | 3,960        | 4,319,766    |
| School Facilities Construction (AGC), 6.00%, 12/15/18 (c)   | 40           | 43,603       |
| School Facilities Construction, Series KK, 5.00%, 3/01/38   | 325          | 323,729      |
| School Facilities Construction, Series U, 5.00%, 9/01/17 (c)  | 2,810        | 2,876,962    |
| School Facilities Construction, Series U (AMBAC), 5.00%, 9/01/17 (c)                                      | 1,070        | 1,095,498    |
| School Facilities Construction, Series Y, 5.00%, 9/01/18 (c)  | 1,000        | 1,061,960    |
| Series WW, 5.25%, 6/15/33   | 380          | 387,714      |
| Series WW, 5.00%, 6/15/34   | 5,500        | 5,493,345    |
| Series WW, 5.00%, 6/15/36   | 3,115        | 3,110,982    |
| Series WW, 5.25%, 6/15/40   | 8,375        | 8,482,032    |
| New Jersey EDA, Refunding RB:   |              |              |
| Cigarette Tax, 5.00%, 6/15/24   | 5,000        | 5,362,800    |
| Cigarette Tax, 5.00%, 6/15/26   | 1,250        | 1,325,788    |
| Cigarette Tax, 5.00%, 6/15/28   | 2,430        | 2,564,792    |
| Cigarette Tax, 5.00%, 6/15/29   | 3,195        | 3,359,415    |
| School Facilities Construction, Series N-1 (NPFGC), 5.50%, 9/01/27  | 1,000        | 1,154,830    |
| School Facilities Construction, Series NN, 5.00%, 3/01/29   | 5,000        | 5,089,050    |
| State of New Jersey, COP, Equipment Lease Purchase, Series A, 5.25%, 6/15/19 (c)                          | 1,580        | 1,726,782    |
|   |              | 118,938,913  |
| <b>Transportation 28.0%</b>   |              |              |
| Delaware River Port Authority, RB:  |              |              |
| 5.00%, 1/01/29  | 2,000        | 2,254,780    |
| 5.00%, 1/01/37  | 8,830        | 9,682,625    |
| Series D, 5.05%, 1/01/35  | 1,430        | 1,552,694    |
| Series D (AGM), 5.00%, 1/01/40  | 5,200        | 5,641,324    |
| New Brunswick New Jersey Parking Authority, Refunding RB, City Guaranteed, Series A (BAM), 5.00%, 9/01/39 |              |              |
|   | 1,520        | 1,709,498    |
| New Brunswick Parking Authority, Refunding RB, City Guaranteed, Series B (AGM):                           |              |              |
| 3.00%, 9/01/39  | 2,500        | 2,104,650    |
| 4.00%, 9/01/40  | 2,000        | 2,015,820    |
| New Jersey EDA, RB, Private Activity Bond, Goethals Bridge Replacement Project, AMT:                      |              |              |
| 5.13%, 1/01/34  | 2,290        | 2,412,126    |
| 5.38%, 1/01/43  | 7,730        | 8,170,223    |
| New Jersey State Turnpike Authority, RB, Series E, 5.00%, 1/01/45   | 8,000        | 8,817,440    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>New Jersey (continued)</b>   |              |              |
| <b>Transportation (continued)</b>   |              |              |
| New Jersey State Turnpike Authority, Refunding RB:  |              |              |
| Series A (AGM), 5.25%, 1/01/29  | \$ 4,000     | \$ 4,909,560 |
| Series A (BHAC), 5.25%, 1/01/29   | 500          | 614,825      |
| Series A (AGM), 5.25%, 1/01/30  | 4,000        | 4,919,160    |
| New Jersey Transportation Trust Fund Authority, RB:   |              |              |
| CAB, Transportation System, Series A, 0.00%, 12/15/35 (b)   | 6,000        | 2,147,100    |
| CAB, Transportation System, Series C (AGM), 0.00%, 12/15/32 (b)   | 8,800        | 4,177,184    |
| CAB, Transportation System, Series C (AMBAC), 0.00%, 12/15/35 (b)   | 4,160        | 1,641,078    |

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|  |        |             |
|--|--------|-------------|
| CAB, Transportation System, Series C (AMBAC), 0.00%, 12/15/36 (b)                                      | 7,210  | 2,686,518   |
| Federal Highway Reimbursement Revenue Notes, Series A, 5.00%, 6/15/30                                  | 2,250  | 2,366,955   |
| Federal Highway Reimbursement Revenue Notes, Series A-2, 5.00%, 6/15/30                                | 10,520 | 10,773,322  |
| Transportation Program, Series AA, 5.00%, 6/15/33  | 3,000  | 3,016,650   |
| Transportation Program, Series AA, 5.25%, 6/15/33  | 5,690  | 5,803,800   |
| Transportation Program, Series AA, 5.25%, 6/15/34  | 1,305  | 1,333,279   |
| Transportation Program, Series AA, 5.00%, 6/15/38  | 2,340  | 2,327,692   |
| Transportation System, Series A, 6.00%, 6/15/35  | 6,365  | 6,889,476   |
| Transportation System, Series A (AGC), 5.63%, 12/15/28   | 2,780  | 2,997,035   |
| Transportation System, Series A (NPFGC), 5.75%, 6/15/24  | 1,205  | 1,394,956   |
| Transportation System, Series B, 5.25%, 6/15/36  | 2,500  | 2,539,800   |
| Transportation System, Series D, 5.00%, 6/15/32  | 3,300  | 3,336,201   |
| Port Authority of New York & New Jersey, ARB:<br>Consolidated, 93rd Series, 6.13%, 6/01/94             | 1,000  | 1,184,060   |
| Special Project, JFK International Air Terminal LLC Project, Series 6, AMT (NPFGC),<br>5.75%, 12/01/25 | 3,000  | 3,044,640   |
| Special Project, JFK International Air Terminal LLC Project, Series 8, 6.00%, 12/01/42                 | 4,000  | 4,500,000   |
| Port Authority of New York & New Jersey, Refunding ARB, AMT:<br>178th Series, 5.00%, 12/01/33          | 4,005  | 4,436,379   |
| Consolidated, 152nd Series, 5.75%, 11/01/30  | 6,000  | 6,324,720   |
|  |        | 127,725,570 |
| <b>Utilities 5.2%</b>  |        |             |
| County of Essex New Jersey Utilities Authority, Refunding RB, (AGC), 4.13%, 4/01/22                    | 2,000  | 2,094,320   |
| North Hudson New Jersey Sewerage Authority, Refunding RB, Series A (NPFGC),<br>5.13%, 8/01/20 (d)      | 6,045  | 6,800,081   |
| Rahway Valley Sewerage Authority, RB, CAB, Series A (NPFGC) (b):<br>0.00%, 9/01/26                     | 4,100  | 2,993,287   |
| 0.00%, 9/01/28   | 6,600  | 4,423,980   |
| 0.00%, 9/01/29   | 9,650  | 6,200,125   |
| 0.00%, 9/01/33   | 2,350  | 1,289,915   |
|  |        | 23,801,708  |
| <b>Total Municipal Bonds in New Jersey</b>   |        | 637,961,678 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

|  | Par           |              |
|--|---------------|--------------|
|  | (000)         | Value        |
| <b>Municipal Bonds</b>   |               |              |
| <b>Puerto Rico 1.3%</b>  |               |              |
| <b>Health 1.3%</b>   |               |              |
| Puerto Rico Industrial Tourist Educational Medical & Environmental Control Facilities<br>Financing Authority, RB, Hospital De La Concepcion, Series A: |               |              |
| 6.50%, 11/15/20  | \$ 1,445      | \$ 1,470,605 |
| 6.13%, 11/15/30  | 4,220         | 4,346,769    |
| <b>Total Municipal Bonds in Puerto Rico</b>  |               | 5,817,374    |
| <b>Total Municipal Bonds 141.1%</b>  |               | 643,779,052  |
| <br>   |               |              |
| <b>Municipal Bonds Transferred to<br/>Tender Option Bond Trusts (e)</b>  |               |              |
| <b>New Jersey 21.5%</b>  |               |              |
| <b>County/City/Special District/School District 4.0%</b>   |               |              |
| County of Union New Jersey Utilities Authority, Refunding LRB, Resource Recovery<br>Facility, Covanta Union, Inc., Series A, AMT, 5.25%, 12/01/31      | 17,300        | 18,571,031   |
| <b>Education 1.2%</b>  |               |              |
| Rutgers The State University of New Jersey, RB, Series F, 5.00%, 5/01/19 (c)   | 4,998         | 5,417,925    |
| <b>State 4.8%</b>  |               |              |
| Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28   | 12,460        | 15,122,079   |
| New Jersey EDA, Refunding RB, Series NN, School Facilities Construction,<br>5.00%, 3/01/29 (f)   | 6,698         | 6,817,454    |
|  |               | 21,939,533   |
| <b>Transportation 11.5%</b>  |               |              |
| County of Hudson New Jersey Improvement Authority, RB, Hudson County<br>Vocational-Technical Schools Project, 5.25%, 5/01/51                           | 3,120         | 3,548,095    |
| New Jersey State Turnpike Authority, RB, Series A, 5.00%, 1/01/38 (f)  | 9,300         | 10,287,288   |
|  | <b>Par</b>    |              |
| <b>Municipal Bonds Transferred to<br/>Tender Option Bond Trusts (e)</b>  | <b>(000)</b>  | <b>Value</b> |
| <b>New Jersey (continued)</b>  |               |              |
| <b>Transportation (continued)</b>  |               |              |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B,<br>5.25%, 6/15/36 (f)   | \$ 2,661      | \$ 2,702,968 |
| Port Authority of New York & New Jersey, ARB, Consolidated, 163rd Series, AMT,<br>5.00%, 7/15/39   | 15,545        | 17,056,686   |
| Port Authority of New York & New Jersey, RB, Consolidated, 169th Series, AMT,<br>5.00%, 10/15/41   | 10,000        | 10,689,800   |
| Port Authority of New York & New Jersey, Refunding RB, Consolidated, 152nd Series,<br>AMT, 5.25%, 11/01/35   | 7,827         | 8,152,427    |
|  |               | 52,437,264   |
| <b>Total Municipal Bonds Transferred to<br/>Tender Option Bond Trusts 21.5%</b>  |               | 98,365,753   |
| <b>Total Long-Term Investments</b>   |               |              |
| <b>(Cost \$708,033,208) 162.6%</b>   |               | 742,144,805  |
| <br>   |               |              |
| <b>Short-Term Securities</b>   | <b>Shares</b> |              |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (g)(h)   | 1,642,362     | 1,642,526    |
| <b>Total Short-Term Securities</b>   |               |              |
| <b>(Cost \$1,642,463) 0.4%</b>   |               | 1,642,526    |
| <b>Total Investments (Cost \$709,675,671) 163.0%</b>   |               | 743,787,331  |

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|   |               |                       |
|---|---------------|-----------------------|
| Other Assets Less Liabilities   | 1.1%          | 4,347,334             |
| Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable | (12.1)%       | (55,170,558)          |
| VRDP Shares at Liquidation Value, Net of Deferred Offering Costs                  | (52.0)%       | (236,599,378)         |
| <b>Net Assets Applicable to Common Shares</b>                                     | <b>100.0%</b> | <b>\$ 456,364,729</b> |

Notes to Schedule of Investments

- (a) 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.
- (b) Zero-coupon bond.
- (c) 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.
- (d) Security is collateralized by municipal bonds or U.S. Treasury obligations.
- (e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (f) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between June 15, 2019 to September 1, 2020, is \$13,907,845. See Note 4 of the Notes to Financial Statements for details.
- (g) During the six months ended January 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:

| Affiliate  | Shares Held at July 31, 2016 | Net Activity | Shares Held at January 31, 2017 | Value at January 31, 2017 | Income    | Net Realized Gain <sup>1</sup> | Change in Unrealized Appreciation |
|--|------------------------------|--------------|---------------------------------|---------------------------|-----------|--------------------------------|-----------------------------------|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 15,571,111                   | (13,928,749) | 1,642,362                       | \$ 1,642,526              | \$ 12,499 | \$ 5,224                       | \$ 63                             |

<sup>1</sup> Includes net capital gain distributions.

- (h) Current yield as of period end.

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

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

## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

| Contracts    | Issue                      | Expiration | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|------------|----------------|-------------------------|
| Short        |                            |            |                |                         |
| (66)         | 5-Year U.S. Treasury Note  | March 2017 | \$ 7,779,234   | \$ (17,980)             |
| (310)        | 10-Year U.S. Treasury Note | March 2017 | \$ 38,585,313  | (103,946)               |
| (153)        | Long U.S. Treasury Bond    | March 2017 | \$ 23,079,094  | (27,959)                |
| (12)         | Ultra U.S. Treasury Bond   | March 2017 | \$ 1,928,250   | (8,935)                 |
| <b>Total</b> |                            |            |                | <b>\$ (158,820)</b>     |

## 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:

| Liabilities       | Derivative Financial Instruments         | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total      |
|-------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|------------|
| Futures contracts | Net unrealized depreciation <sup>1</sup> |                     |                  |                  |                                     | \$ 158,820              |                 | \$ 158,820 |

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from:                                  | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total        |
|---|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| Futures contracts   |                     |                  |                  |                                     | \$ 2,261,009            |                 | \$ 2,261,009 |
| <b>Net Change in Unrealized Appreciation (Depreciation) on:</b> |                     |                  |                  |                                     |                         |                 |              |
| Futures contracts   |                     |                  |                  |                                     | \$ 261,656              |                 | \$ 261,656   |

## Average Quarterly Balances of Outstanding Derivative Financial Instruments

|   |  |                         |
|---|--|-------------------------|
| Futures contracts:                        |  |                         |
| Average notional value of contracts long  |  | \$ 362,820 <sup>1</sup> |
| Average notional value of contracts short |  | \$ 48,761,117           |

<sup>1</sup> Actual amounts for the period are shown due to limited outstanding derivative financial instruments as of each quarter.

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.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

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

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long Term Investments <sup>1</sup> |              | \$ 742,144,805 |         | \$ 742,144,805 |
| Short Term Securities              | \$ 1,642,526 |                |         | 1,642,526      |
| <b>Total</b>                       | \$ 1,642,526 | \$ 742,144,805 |         | \$ 743,787,331 |

Derivative Financial Instruments<sup>2</sup>

|                         |              |  |  |              |
|-------------------------|--------------|--|--|--------------|
| <b>Liabilities:</b>     |              |  |  |              |
| Interest rate contracts | \$ (158,820) |  |  | \$ (158,820) |

<sup>1</sup> See above Schedule of Investments for values in each sector.

<sup>2</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

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

|                                  | Level 1 | Level 2          | Level 3 | Total            |
|----------------------------------|---------|------------------|---------|------------------|
| <b>Liabilities:</b>              |         |                  |         |                  |
| TOB Trust Certificates           |         | \$ (55,088,706)  |         | \$ (55,088,706)  |
| VRDP Shares at Liquidation Value |         | (237,100,000)    |         | (237,100,000)    |
| <b>Total</b>                     |         | \$ (292,188,706) |         | \$ (292,188,706) |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

## Schedule of Investments January 31, 2017 (Unaudited)

## BlackRock MuniYield Investment Quality Fund (MFT)

(Percentages shown are based on Net Assets)

|   | Par      |              |
|---|----------|--------------|
|   | (000)    | Value        |
| <b>Municipal Bonds</b>  |          |              |
| <b>Alabama 4.4%</b>   |          |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC) (a):        |          |              |
| 6.00%, 6/01/19  | \$ 2,985 | \$ 3,309,618 |
| 6.13%, 6/01/19  | 1,500    | 1,667,430    |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35  | 350      | 388,507      |
|   |          | 5,365,555    |
| <b>California 20.3%</b>   |          |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/18 (a) |          |              |
|   | 1,960    | 2,099,336    |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42                     |          |              |
|   | 1,150    | 1,309,781    |
| City & County of San Francisco California Airports Commission, Refunding ARB, AMT, Series A:                      |          |              |
| 2nd, 5.50%, 5/01/28   | 720      | 831,917      |
| 2nd, 5.25%, 5/01/33   | 560      | 621,522      |
| 5.00%, 5/01/44  | 745      | 806,053      |
| City of San Jose California, Refunding ARB, Series A-1, AMT:  |          |              |
| 5.50%, 3/01/30  | 1,600    | 1,790,176    |
| 6.25%, 3/01/34  | 1,250    | 1,435,325    |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/18 (a)                                   |          |              |
|   | 1,400    | 1,488,802    |
| Kern Community College District, GO, Safety, Repair & Improvement, Series C, 5.50%, 11/01/33                      |          |              |
|   | 970      | 1,145,056    |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/21 (a)                         |          |              |
|   | 1,000    | 1,173,260    |
| Riverside County Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/40                      |          |              |
|   | 2,000    | 2,286,040    |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B (AGC), 5.38%, 8/01/19 (a)           |          |              |
|   | 1,020    | 1,124,927    |
| State of California, GO, Various Purposes (AGC), 5.50%, 11/01/39  |          |              |
|   | 3,450    | 3,792,827    |
| State of California Public Works Board, LRB, Various Capital Projects, Series I, 5.50%, 11/01/31                  |          |              |
|   | 1,000    | 1,180,540    |
| State of California Public Works Board, RB, Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33  |          |              |
|   | 490      | 573,589      |
| Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40            |          |              |
|   | 370      | 423,165      |
| University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38                   |          |              |
|   | 2,235    | 2,568,104    |
|   |          | 24,650,420   |
| <b>Colorado 2.6%</b>  |          |              |
| City & County of Denver Colorado Airport System, ARB, Series A, AMT:  |          |              |
| 5.50%, 11/15/28   | 500      | 567,935      |
| 5.50%, 11/15/30   | 225      | 253,618      |
| 5.50%, 11/15/31   | 270      | 303,580      |
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/19 (a)        |          |              |
|   | 1,300    | 1,439,607    |
| Denver Convention Center Hotel Authority, Refunding RB, 5.00%, 12/01/40   |          |              |
|   | 500      | 539,870      |
|   |          | 3,104,610    |
| <b>Florida 13.3%</b>  |          |              |
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33   |          |              |
|   | 270      | 309,434      |
| <b>Par</b>  |          |              |
|   |          |              |
| <b>Municipal Bonds</b>  |          |              |
|   | (000)    | Value        |
| <b>Florida (continued)</b>  |          |              |
| County of Broward Florida Airport System Revenue, ARB, Series A, AMT, 5.00%, 10/01/45                             |          |              |
|   | \$ 575   | \$ 620,667   |
|   | 1,170    | 1,321,737    |

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|   |       |            |
|---|-------|------------|
| County of Hillsborough Florida Aviation Authority, Refunding ARB, Tampa International Airport, Series A, AMT, 5.50%, 10/01/29 |       |            |
| County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32  | 1,000 | 1,106,960  |
| County of Lee Florida HFA, RB, S/F Housing, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40                | 90    | 90,877     |
| County of Manatee Florida HFA, RB, S/F Housing, Series A, AMT (Ginnie Mae, Fannie Mae & Freddie Mac), 5.90%, 9/01/40          | 85    | 86,186     |
| County of Miami-Dade Florida, RB, Seaport Department:   |       |            |
| Series A, 6.00%, 10/01/38   | 1,840 | 2,147,004  |
| Series A, 5.50%, 10/01/42   | 2,125 | 2,395,831  |
| Series B, AMT, 6.00%, 10/01/26  | 590   | 695,911    |
| Series B, AMT, 6.00%, 10/01/27  | 775   | 913,345    |
| Series B, AMT, 6.25%, 10/01/38  | 310   | 367,161    |
| Series B, AMT, 6.00%, 10/01/42  | 410   | 472,295    |
| County of Miami-Dade Florida, Refunding RB:   |       |            |
| Seaport Department, Series D, AMT, 6.00%, 10/01/26  | 735   | 866,940    |
| Water & Sewer System, Series B, 5.25%, 10/01/29   | 500   | 577,130    |
| County of Miami-Dade Florida Aviation, Refunding ARB, Series A, AMT, 5.00%, 10/01/31  | 2,165 | 2,360,716  |
| Orange County Health Facilities Authority, Refunding RB, Presbyterian Retirement Communities Project, 5.00%, 8/01/41          | 1,000 | 1,051,730  |
| Reedy Creek Florida Improvement District, GO, Series A, 5.25%, 6/01/32  | 710   | 816,954    |
|   |       | 16,200,878 |
| <b>Hawaii 1.9%</b>  |       |            |
| State of Hawaii, Department of Transportation, COP, AMT:  |       |            |
| 5.25%, 8/01/25  | 250   | 281,608    |
| 5.25%, 8/01/26  | 810   | 904,616    |
| State of Hawaii, Department of Transportation, RB, Series A, AMT, 5.00%, 7/01/45  | 1,000 | 1,073,790  |
|   |       | 2,260,014  |
| <b>Illinois 18.8%</b>   |       |            |
| City of Chicago Illinois Midway International Airport, Refunding GARB, 2nd Lien, Series A, 5.00%, 1/01/41                     | 1,010 | 1,068,590  |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien:  |       |            |
| Series A, 5.75%, 1/01/39  | 770   | 864,025    |
| Series C, 6.50%, 1/01/21 (a)  | 3,680 | 4,377,323  |
| City of Chicago Illinois Transit Authority, RB:   |       |            |
| Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 12/01/18 (a)   | 1,400 | 1,523,648  |
| Sales Tax Receipts, 5.25%, 12/01/36   | 1,000 | 1,068,430  |
| City of Chicago Illinois Transit Authority, Refunding RB, Federal Transit Administration, Section 5309 (AGM), 5.00%, 6/01/28  | 3,000 | 3,145,020  |
| City of Chicago Illinois Wastewater Transmission, RB, 2nd Lien, 5.00%, 1/01/42  | 1,375 | 1,444,547  |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago:                                      |       |            |
| 5.50%, 12/01/38   | 1,000 | 1,072,780  |
| 5.25%, 12/01/43   | 1,160 | 1,223,881  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Investment Quality Fund (MFT)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Illinois (continued)</b>  |              |              |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 6.00%, 8/15/41   | \$ 1,555     | \$ 1,764,972 |
| Illinois State Toll Highway Authority, RB, Series C, 5.00%, 1/01/38  | 1,000        | 1,094,940    |
| Railsplitter Tobacco Settlement Authority, RB:   |              |              |
| 5.50%, 6/01/23   | 940          | 1,059,464    |
| 6.00%, 6/01/28   | 270          | 306,966      |
| State of Illinois, GO:   |              |              |
| 5.25%, 2/01/32   | 1,000        | 1,019,340    |
| 5.50%, 7/01/33   | 1,500        | 1,563,210    |
| 5.50%, 7/01/38   | 280          | 289,453      |
|  |              | 22,886,589   |
| <b>Indiana 4.1%</b>  |              |              |
| Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges, Series A, AMT, 5.00%, 7/01/40              | 375          | 380,490      |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC):                   |              |              |
| 5.50%, 1/01/19 (a)   | 840          | 908,897      |
| 5.50%, 1/01/38   | 3,470        | 3,739,445    |
|  |              | 5,028,832    |
| <b>Iowa 1.3%</b>   |              |              |
| Iowa Higher Education Loan Authority, RB, Private College Facility, Grinnell College Project, 5.00%, 12/01/41 (b)    | 1,330        | 1,535,099    |
| <b>Kentucky 0.9%</b>   |              |              |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93, (AGC):                                  |              |              |
| 5.25%, 2/01/19 (a)   | 885          | 955,703      |
| 5.25%, 2/01/27   | 115          | 122,998      |
|  |              | 1,078,701    |
| <b>Louisiana 2.1%</b>  |              |              |
| City of New Orleans Louisiana Aviation Board, Refunding GARB, Restructuring (AGC):                                   |              |              |
| Series A-1, 6.00%, 1/01/23   | 375          | 405,349      |
| Series A-2, 6.00%, 1/01/23   | 160          | 172,634      |
| Lake Charles Harbor & Terminal District, RB, Series B, AMT (AGM), 5.50%, 1/01/29                                     | 1,000        | 1,148,350    |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29                             | 805          | 850,627      |
|  |              | 2,576,960    |
| <b>Massachusetts 2.3%</b>  |              |              |
| Massachusetts Development Finance Agency, RB, Emerson College Issue, Series A, 5.00%, 1/01/47                        | 645          | 685,403      |
| Massachusetts Development Finance Agency, Refunding RB, Emerson College, 5.00%, 1/01/41                              | 525          | 550,499      |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42  | 1,480        | 1,569,096    |
|  |              | 2,804,998    |
| <b>Michigan 3.4%</b>   |              |              |
| City of Detroit Michigan Water Supply System Revenue, RB, 2nd Lien, Series B (AGM):                                  |              |              |
| 6.25%, 7/01/36   | 5            | 5,406        |
| 6.25%, 7/01/19 (a)   | 1,795        | 2,007,061    |
| Michigan Finance Authority, Refunding RB, Henry Ford Health System, 4.00%, 11/15/46                                  | 775          | 741,133      |
| Royal Oak Michigan Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a) | 1,265        | 1,405,706    |
|  |              | 4,159,306    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Minnesota 2.7%</b>  |              |              |

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City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC):

|                     |        |            |
|---------------------|--------|------------|
| 6.50%, 11/15/18 (a) | \$ 460 | \$ 503,612 |
| 6.50%, 11/15/38     | 2,540  | 2,742,997  |

3,246,609

### Mississippi 1.5%

|  |       |           |
|--|-------|-----------|
| Mississippi Development Bank, RB, Jackson Water & Sewer System Project (AGM),<br>6.88%, 12/01/40 | 1,190 | 1,506,480 |
|--|-------|-----------|

|  |     |         |
|--|-----|---------|
| Mississippi State University Educational Building Corp., Refunding RB, Mississippi State<br>University Improvement Project, 5.25%, 8/01/38 | 260 | 296,291 |
|--|-----|---------|

1,802,771

### Nebraska 0.7%

|   |     |         |
|---|-----|---------|
| County of Sarpy Nebraska Hospital Authority No. 1, Refunding RB, Nebraska Medicine,<br>4.00%, 5/15/51 | 920 | 896,466 |
|---|-----|---------|

### Nevada 4.3%

|  |       |           |
|--|-------|-----------|
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM),<br>5.25%, 7/01/39 | 2,375 | 2,570,106 |
|--|-------|-----------|

|   |       |           |
|---|-------|-----------|
| County of Clark Nevada, GO, Limited Tax, 5.00%, 6/01/38 | 1,000 | 1,042,320 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| County of Clark Nevada Water Reclamation District, GO, Series A, 5.25%, 7/01/19 (a) | 1,500 | 1,644,255 |
|---|-------|-----------|

5,256,681

### New Jersey 4.9%

New Jersey EDA, RB:

|   |       |           |
|---|-------|-----------|
| Private Activity Bond, Goethals Bridge Replacement Project, AMT, 5.38%, 1/01/43 | 1,000 | 1,056,950 |
|---|-------|-----------|

|   |     |         |
|---|-----|---------|
| Private Activity Bond, Goethals Bridge Replacement Project, AMT (AGM), 5.00%, 1/01/31 | 530 | 579,810 |
|---|-----|---------|

|   |     |           |
|---|-----|-----------|
| School Facilities Construction (AGC), 6.00%, 12/15/18 (a) | 980 | 1,069,033 |
|---|-----|-----------|

|   |    |        |
|---|----|--------|
| School Facilities Construction (AGC), 6.00%, 12/15/18 (a) | 20 | 21,801 |
|---|----|--------|

|   |       |           |
|---|-------|-----------|
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC),<br>5.50%, 7/01/38 | 1,400 | 1,511,566 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series AA,<br>5.50%, 6/15/39 | 1,600 | 1,662,544 |
|---|-------|-----------|

5,901,704

### New York 6.0%

|   |       |           |
|---|-------|-----------|
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water &<br>Sewer System, Series FF-2, 5.50%, 6/15/40 | 1,545 | 1,687,264 |
|---|-------|-----------|

|  |       |           |
|--|-------|-----------|
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-4<br>(AGC), 5.50%, 1/15/29 | 2,000 | 2,151,020 |
|--|-------|-----------|

|   |     |         |
|---|-----|---------|
| New York Transportation Development Corp., RB, LaGuardia Airport Terminal B<br>Redevelopment Project, Series A, AMT, 5.25%, 1/01/50 | 600 | 632,964 |
|---|-----|---------|

|   |       |           |
|---|-------|-----------|
| Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series,<br>5.25%, 7/15/36 | 2,500 | 2,787,975 |
|---|-------|-----------|

7,259,223

### Ohio 1.4%

|  |       |           |
|--|-------|-----------|
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1,<br>5.25%, 2/15/31 | 1,500 | 1,710,915 |
|--|-------|-----------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Investment Quality Fund (MFT)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>South Carolina 8.3%</b>   |              |              |
| County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38   | \$ 1,470     | \$ 1,684,649 |
| County of Charleston South Carolina Airport District, ARB, Series A, AMT:<br>5.50%, 7/01/26  | 1,810        | 2,068,902    |
| 6.00%, 7/01/38   | 1,155        | 1,311,110    |
| 5.50%, 7/01/41   | 1,000        | 1,106,150    |
| South Carolina Ports Authority, RB, AMT, 5.25%, 7/01/50  | 750          | 811,958      |
| State of South Carolina Public Service Authority, Refunding RB:<br>Series C, 5.00%, 12/01/46   | 2,535        | 2,791,618    |
| Series E, 5.25%, 12/01/55  | 350          | 383,359      |
|  |              | 10,157,746   |
| <b>Texas 19.6%</b>   |              |              |
| Austin Community College District Public Facility Corp., RB, Educational Facilities Project,<br>Round Rock Campus, 5.25%, 8/01/18 (a)        | 2,250        | 2,391,255    |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37   | 930          | 1,053,272    |
| City of Frisco Texas ISD, GO, School Building (AGC), 5.50%, 8/15/41  | 1,210        | 1,319,299    |
| City of Houston Texas Combined Utility System Revenue, Refunding RB, Combined 1st Lien,<br>Series A (AGC):<br>5.38%, 5/15/19 (a)             | 950          | 1,039,120    |
| 6.00%, 5/15/19 (a)   | 2,560        | 2,836,147    |
| 6.00%, 5/15/19 (a)   | 1,945        | 2,154,807    |
| 6.00%, 11/15/35  | 140          | 154,666      |
| 6.00%, 11/15/36  | 110          | 121,524      |
| 5.38%, 11/15/38  | 50           | 53,888       |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus<br>Health, Series A (AGC):<br>6.50%, 1/01/19 (a) | 265          | 291,264      |
| 6.50%, 7/01/37   | 835          | 899,228      |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series H, AMT, 5.00%,<br>11/01/37   | 980          | 1,053,980    |
| Dallas-Fort Worth International Airport, Refunding ARB, Joint Revenue, Series E, AMT,<br>5.50%, 11/01/27                                     | 2,500        | 2,888,000    |
| Lower Colorado River Authority, Refunding RB, 5.50%, 5/15/33   | 730          | 837,456      |
| North Texas Tollway Authority, RB, Special Projects, Series A, 5.50%, 9/01/41  | 2,750        | 3,128,097    |
| North Texas Tollway Authority, Refunding RB, 1st Tier:<br>(AGM), 6.00%, 1/01/43  | 1,000        | 1,137,800    |
| Series K-1 (AGC), 5.75%, 1/01/19 (a)   | 1,400        | 1,520,890    |
| Red River Texas Education Financing Corp., RB, Texas Christian University Project,<br>5.25%, 3/15/38   | 420          | 472,731      |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, Blueridge<br>Transportation Group, AMT, 5.00%, 12/31/55           | 525          | 544,672      |
|  |              | 23,898,096   |
| <b>Virginia 1.2%</b>   |              |              |
| City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | 380          | 419,429      |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a)  | 1,000        | 1,098,520    |
|  |              | 1,517,949    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Washington 1.6%</b>   |              |              |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36   | \$ 1,000     | \$ 1,114,240 |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36  | 725          | 812,247      |
|  |              | 1,926,487    |
| <b>Wisconsin 0.7%</b>  |              |              |
|  | 800          | 800,600      |



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Wisconsin Health & Educational Facilities Authority, Refunding RB, Medical College of Wisconsin, Inc., 4.00%, 12/01/46

**Total Municipal Bonds 128.3%** 156,027,209

## Municipal Bonds Transferred to Tender Option Bond Trusts (c)

### Alabama 0.8%

Auburn University, Refunding RB, Series A, 4.00%, 6/01/41 920 940,120

### California 4.2%

City of Los Angeles Department of Airports, RB, Los Angeles International Airport, AMT, Series B, 5.00%, 5/15/46 2,050 2,249,322

Sacramento Area Flood Control Agency, Refunding RB, Consolidated Capital Assessment District No.2, 5.00%, 10/01/43 2,565 2,907,376

5,156,698

### Connecticut 1.1%

Connecticut State Health & Educational Facility Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/45 1,216 1,329,156

### District of Columbia 0.7%

District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/18 (a)(d) 759 821,405

### Florida 2.2%

County of Hillsborough Florida Aviation Authority, ARB, Tampa International Airport, Series A, AMT (AGC), 5.50%, 10/01/38 2,499 2,637,540

### Nevada 7.4%

County of Clark Nevada Water Reclamation District, GO (a): Limited Tax, 6.00%, 7/01/18 2,010 2,150,700

Series B, 5.50%, 7/01/19 1,994 2,198,013

Las Vegas Valley Water District, GO, Refunding, Series C, 5.00%, 6/01/28 4,200 4,700,388

9,049,101

### New Jersey 2.2%

New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29 1,610 1,666,779

New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (d) 1,000 1,016,153

2,682,932

### New York 15.1%

City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:

Series BB, 5.25%, 6/15/44 2,999 3,391,540

Series FF-2, 5.50%, 6/15/40 1,095 1,195,828

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Investment Quality Fund (MFT)

|   | Par           |                |
|---|---------------|----------------|
|   | (000)         | Value          |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>   |               |                |
| <b>New York (continued)</b>   |               |                |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39         | \$ 1,000      | \$ 1,067,827   |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (d)                                | 1,000         | 1,131,767      |
| Metropolitan Transportation Authority, Refunding RB, Series C-1, 5.25%, 11/15/56                                | 2,360         | 2,672,016      |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43 | 3,000         | 3,349,916      |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (d)             | 1,770         | 2,014,595      |
| New York State Dormitory Authority, ERB, Personal Income Tax, Series B, 5.25%, 3/15/38                          | 3,250         | 3,497,488      |
|   |               | 18,320,977     |
| <b>Pennsylvania 1.5%</b>  |               |                |
| Pennsylvania Turnpike Commission, RB, Sub Series A, 13.56%, 12/01/42  | 1,664         | 1,897,148      |
| <b>Texas 2.3%</b>   |               |                |
| City of San Antonio Texas Public Service Board, Refunding RB, Series A, 5.25%, 2/01/19 (a)(d)                   | 2,609         | 2,816,240      |
|   | <b>Par</b>    |                |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>   |               |                |
|   | <b>(000)</b>  | <b>Value</b>   |
| <b>Utah 0.9%</b>  |               |                |
| City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41  | \$ 1,005      | \$ 1,065,376   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 38.4%</b>                                     |               | 46,716,693     |
| <b>Total Long-Term Investments</b>  |               |                |
| <b>(Cost \$188,980,309) 166.7%</b>  |               | 202,743,902    |
| <b>Short-Term Securities</b>  |               |                |
|   | <b>Shares</b> |                |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (e)(f)  | 1,295,564     | 1,295,693      |
| <b>Total Short-Term Securities</b>  |               | 1,295,693      |
| <b>(Cost \$1,295,693) 1.0%</b>  |               | 204,039,595    |
| <b>Total Investments (Cost \$190,276,002) 167.7%</b>  |               | (41,182)       |
| <b>Liabilities in Excess of Other Assets (0.0)%</b>   |               | (25,859,871)   |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (21.3)%</b>                |               | (56,500,000)   |
| <b>VMTP Shares at Liquidation Value (46.4)%</b>   |               |                |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 121,638,542 |

## Notes to Schedule of Investments

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) When-issued security.
- (c) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.

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- (d) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Fund could ultimately be required to pay under the agreements, which expire between February 1, 2017 to November 15, 2019, is 4,627,650. See Note 4 of the Notes to Financial Statements for details.
- (e) During the six months ended January 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:

| Affiliate   | Shares Held<br>at July 31,<br>2016 | Net<br>Activity | Shares Held<br>at January 31,<br>2017 | Value at<br>January 31,<br>2017 | Income   | Net<br>Realized<br>Gain <sup>1</sup> | Change in<br>Unrealized<br>Appreciation<br>(Depreciation) |
|---|------------------------------------|-----------------|---------------------------------------|---------------------------------|----------|--------------------------------------|---|
| BlackRock Liquidity Funds, MuniCash,<br>Institutional Class | 204,010                            | 1,091,554       | 1,295,564                             | \$ 1,295,693                    | \$ 1,385 | \$ 1,844                             |   |

<sup>1</sup> Includes net capital gain distributions.

- (f) Current yield as of period end.

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

### Derivative Financial Instruments Outstanding as of Period End

| Futures Contracts |                            |            |                |    | Unrealized      |
|-------------------|----------------------------|------------|----------------|----|-----------------|
| Contracts         | Issue                      | Expiration | Notional Value |    | Depreciation    |
| Short             |                            |            |                |    |                 |
| (21)              | 5-Year U.S. Treasury Note  | March 2017 | \$ 2,475,211   | \$ | (4,683)         |
| (55)              | 10-Year U.S. Treasury Note | March 2017 | \$ 6,845,781   |    | (21,317)        |
| (24)              | Long U.S. Treasury Bond    | March 2017 | \$ 3,620,250   |    | (6,169)         |
| (5)               | Ultra U.S. Treasury Bond   | March 2017 | \$ 803,438     |    | (3,772)         |
| <b>Total</b>      |                            |            |                | \$ | <b>(35,941)</b> |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock MuniYield Investment Quality Fund (MFT)

## 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:

| Liabilities       | Derivative Financial Instruments         | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total     |
|-------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|-----------|
| Futures contracts | Net unrealized depreciation <sup>1</sup> |                     |                  |                  |                                     | \$ 35,941               |                 | \$ 35,941 |

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from:                           | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total       |
|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|-------------|
| Futures contracts  |                     |                  |                  |                                     | \$ 523,596              |                 | \$ 523,596  |
| Net Change in Unrealized Appreciation (Depreciation) on: |                     |                  |                  |                                     |                         |                 |             |
| Futures contracts  |                     |                  |                  |                                     | \$ (15,095)             |                 | \$ (15,095) |

## Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

|                                     |       |              |
|-------------------------------------|-------|--------------|
| Average notional value of contracts | short | \$ 9,849,254 |
|-------------------------------------|-------|--------------|

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:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 202,743,902 |         | \$ 202,743,902 |
| Short-Term Securities              | \$ 1,295,693 |                |         | 1,295,693      |
| <b>Total</b>                       | \$ 1,295,693 | \$ 202,743,902 |         | \$ 204,039,595 |

Derivative Financial Instruments<sup>2</sup>**Liabilities:**

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|                         |             |             |
|-------------------------|-------------|-------------|
| Interest rate contracts | \$ (35,941) | \$ (35,941) |
|-------------------------|-------------|-------------|

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

<sup>2</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

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

|                                  | Level 1 | Level 2                | Level 3 | Total                  |
|----------------------------------|---------|------------------------|---------|------------------------|
| <b>Liabilities:</b>              |         |                        |         |                        |
| TOB Trust Certificates           |         | \$ (25,820,715)        |         | \$ (25,820,715)        |
| VMTP Shares at Liquidation Value |         | (56,500,000)           |         | (56,500,000)           |
| <b>Total</b>                     |         | <b>\$ (82,320,715)</b> |         | <b>\$ (82,320,715)</b> |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

## Schedule of Investments January 31, 2017 (Unaudited)

## BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

|   | Par          |               |
|---|--------------|---------------|
|   | (000)        | Value         |
| <b>Municipal Bonds</b>  |              |               |
| <b>Michigan 137.2%</b>  |              |               |
| <b>Corporate 4.0%</b>   |              |               |
| County of Monroe Michigan EDC, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22  | \$ 14,500    | \$ 18,033,505 |
| <b>County/City/Special District/School District 22.6%</b>   |              |               |
| Anchor Bay School District, GO, Refunding, (Q-SBLF):  |              |               |
| 4.38%, 5/01/27  | 1,600        | 1,720,144     |
| 4.50%, 5/01/29  | 1,505        | 1,600,778     |
| Battle Creek School District Michigan, GO, Refunding, (Q-SBLF):   |              |               |
| 5.00%, 5/01/35  | 1,100        | 1,220,186     |
| 5.00%, 5/01/36  | 1,500        | 1,660,155     |
| 5.00%, 5/01/37  | 1,170        | 1,292,019     |
| Berkley School District, GO, School Building & Site (Q-SBLF), 5.00%, 5/01/35                                | 2,965        | 3,290,112     |
| Charter Township of Canton Michigan, GO, Capital Improvement (AGM) (a):                                     |              |               |
| 5.00%, 4/01/17  | 3,250        | 3,272,978     |
| 5.00%, 4/01/17  | 1,000        | 1,007,070     |
| Columbia Michigan School District, GO, Unlimited Tax, School Building & Site (Q-SBLF), 5.00%, 5/01/38       | 5,185        | 5,714,233     |
| Comstock Park Michigan Public Schools, GO, School Building & Site, Series B (Q-SBLF):                       |              |               |
| 5.50%, 5/01/36  | 1,200        | 1,342,212     |
| 5.50%, 5/01/41  | 2,185        | 2,443,944     |
| County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19                                 | 1,000        | 1,009,840     |
| Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39 | 5,300        | 5,684,197     |
| Dearborn School District, GO, School Building & Site, Series A (Q-SBLF):                                    |              |               |
| 5.00%, 5/01/32  | 1,500        | 1,679,100     |
| 5.00%, 5/01/33  | 1,600        | 1,782,768     |
| 5.00%, 5/01/34  | 1,200        | 1,331,676     |
| Dowagiac Union School District, GO, (Q-SBLF), 5.00%, 5/01/41  | 1,140        | 1,267,406     |
| Farmington Public School District, GO, Refunding, School Building & Site (AGM):                             |              |               |
| 5.00%, 5/01/33  | 1,500        | 1,685,085     |
| 5.00%, 5/01/34  | 1,500        | 1,678,185     |
| 5.00%, 5/01/35  | 1,000        | 1,115,740     |
| Flint EDC, RB, Michigan Department of Human Services Office Building Project, 5.25%, 10/01/41               | 4,950        | 5,284,571     |
| Goodrich Area School District Michigan, GO, School Building & Site (Q-SBLF):                                |              |               |
| 5.50%, 5/01/32  | 1,000        | 1,118,510     |
| 5.50%, 5/01/36  | 2,000        | 2,237,020     |
| 5.50%, 5/01/41  | 2,575        | 2,880,163     |
| Grandville Public Schools, GO, School Building & Site, Series II (AGM), 5.00%, 5/01/40                      | 3,250        | 3,569,670     |
| Hudsonville Michigan Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41                    | 6,750        | 7,491,015     |
| Kentwood Public Schools, GO, School Building & Site:  |              |               |
| 5.00%, 5/01/41  | 1,120        | 1,247,030     |
| 5.00%, 5/01/44  | 1,815        | 2,016,338     |
| Livonia Public Schools School District Michigan, GO, Series I (AGM), 5.00%, 5/01/43                         | 5,000        | 5,438,000     |
| Mattawan Consolidated School District, GO, Series I (Q-SBLF), 5.00%, 5/01/39                                | 3,375        | 3,722,153     |
|   | <b>Par</b>   |               |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Municipal Bonds</b>  |              |               |
| <b>Michigan (continued)</b>   |              |               |
| <b>County/City/Special District/School District (continued)</b>   |              |               |
| Portage Public Schools, GO, Refunding School Building & Site:   |              |               |
| 5.00%, 11/01/34   | \$ 1,000     | \$ 1,123,490  |
| 5.00%, 11/01/36   | 1,000        | 1,117,610     |
| 5.00%, 11/01/37   | 1,250        | 1,392,825     |
| 5.00%, 11/01/35   | 1,340        | 1,502,086     |
|   | 2,250        | 2,501,460     |

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|   |       |             |
|---|-------|-------------|
| Romeo Community School District, GO, Refunding School Building & Site, Series 1 (Q-SBLF), 5.00%, 5/01/41                |       |             |
| Thornapple Kellogg School District Michigan, GO, Refunding, School Building & Site (NPFGC) (Q-SBLF), 5.00%, 5/01/17 (a) | 3,000 | 3,031,830   |
| Township of Montrose Michigan Community Schools, GO, (NPFGC) (Q-SBLF), 6.20%, 5/01/17                                   | 210   | 212,209     |
| Troy School District, GO, School Building & Site (Q-SBLF), 5.00%, 5/01/28   | 2,000 | 2,275,440   |
| Walled Lake Consolidated School District, GO, School Building & Site (Q-SBLF):  |       |             |
| 5.00%, 5/01/37  | 2,850 | 3,140,900   |
| 5.00%, 5/01/40  | 2,630 | 2,893,421   |
| 5.00%, 5/01/43  | 1,530 | 1,678,410   |
| Zeeland Public Schools, GO, School Building & Site, Series A (AGM):   |       |             |
| 5.00%, 5/01/33  | 1,000 | 1,106,630   |
| 5.00%, 5/01/34  | 1,000 | 1,102,110   |
| 5.00%, 5/01/35  | 1,000 | 1,098,360   |
|   |       | 100,979,079 |
| <b>Education 25.3%</b>  |       |             |
| City of Grand Rapids Michigan, EDC, RB, Ferris State University Project, Series A, 5.50%, 10/01/35                      | 760   | 835,111     |
| Ferris State University, Refunding RB:  |       |             |
| 5.00%, 10/01/41   | 2,250 | 2,493,495   |
| General (AGM), 4.50%, 10/01/24  | 1,595 | 1,671,145   |
| General (AGM), 4.50%, 10/01/25  | 1,405 | 1,472,075   |
| Grand Valley State University, RB, (NPFGC), 5.50%, 2/01/18  | 390   | 396,139     |
| Michigan Finance Authority, Refunding RB:   |       |             |
| College for Creative Studies, 4.00%, 12/01/33   | 1,720 | 1,664,564   |
| College for Creative Studies, 5.00%, 12/01/36   | 1,550 | 1,618,231   |
| College for Creative Studies, 5.00%, 12/01/40   | 2,900 | 3,013,709   |
| College for Creative Studies, 5.00%, 12/01/45   | 4,400 | 4,559,324   |
| Series 25 A, AMT, Student Loan Revenue, 4.00%, 11/01/28   | 8,750 | 8,874,600   |
| Series 25 A, AMT, Student Loan Revenue, 4.00%, 11/01/29   | 5,900 | 5,957,112   |
| Series 25 A, AMT, Student Loan Revenue, 4.00%, 11/01/30   | 2,850 | 2,862,227   |
| Series 25 A, AMT, Student Loan Revenue, 4.00%, 11/01/31   | 3,150 | 3,154,662   |
| Michigan State University, Refunding RB, General, Series C:   |       |             |
| 5.00%, 2/15/40  | 8,470 | 9,146,922   |
| 5.00%, 2/15/44  | 1,000 | 1,079,920   |
| Michigan Technological University, RB, General, Series A, 5.00%, 10/01/45   | 1,800 | 1,972,062   |
| Oakland University, RB, General:  |       |             |
| 5.00%, 3/01/32  | 400   | 441,416     |
| 5.00%, 3/01/47  | 2,500 | 2,758,625   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|  | Par        |              |
|--|------------|--------------|
|  | (000)      | Value        |
| <b>Municipal Bonds</b>   |            |              |
| <b>Michigan (continued)</b>  |            |              |
| <b>Education (continued)</b>   |            |              |
| Oakland University, RB, General (continued):   |            |              |
| Series A, 5.00%, 3/01/38   | \$ 5,490   | \$ 6,041,745 |
| Series A, 5.00%, 3/01/43   | 16,845     | 18,489,072   |
| University of Michigan, RB, Series A, 5.00%, 4/01/39                                 | 3,425      | 3,847,200    |
| University of Michigan, Refunding RB, 5.00%, 4/01/46                                 | 10,000     | 11,377,200   |
| Wayne State University, RB, General, Series A, 5.00%, 11/15/40                       | 3,000      | 3,288,660    |
| Western Michigan University, Refunding RB, General, University and College           |            |              |
| Improvements:  |            |              |
| 5.25%, 11/15/40  | 3,500      | 3,910,165    |
| 5.25%, 11/15/43  | 8,475      | 9,434,200    |
| (AGM), 5.25%, 11/15/33   | 1,000      | 1,127,410    |
| (AGM), 5.00%, 11/15/39   | 1,750      | 1,919,505    |
|  |            | 113,406,496  |
| <b>Health 35.5%</b>  |            |              |
| Grand Traverse County Hospital Finance Authority, RB, Series A:                      |            |              |
| 5.00%, 7/01/44   | 4,230      | 4,535,491    |
| 5.00%, 7/01/47   | 2,200      | 2,355,958    |
| Kalamazoo Hospital Finance Authority, RB (AGM), Bronson Methodist Hospital:          |            |              |
| 5.25%, 5/15/20 (a)   | 4,140      | 4,649,179    |
| 5.25%, 5/15/36   | 3,360      | 3,594,931    |
| Kent Hospital Finance Authority Michigan, Refunding RB, Spectrum Health, Series A,   |            |              |
| 5.00%, 11/15/29  | 7,500      | 8,247,675    |
| Michigan Finance Authority, RB:  |            |              |
| Beaumont Health Credit Group, 4.00%, 11/01/46  | 2,070      | 2,020,589    |
| Sparrow Obligated Group, 5.00%, 11/15/36   | 2,500      | 2,718,050    |
| Sparrow Obligated Group, 5.00%, 11/15/45   | 3,750      | 4,045,050    |
| Michigan Finance Authority, Refunding RB:  |            |              |
| Henry Ford Health System, 5.00%, 11/15/41  | 3,000      | 3,233,280    |
| Henry Ford Health System, 3.25%, 11/15/42  | 1,145      | 935,431      |
| Henry Ford Health System, 4.00%, 11/15/46  | 6,000      | 5,737,800    |
| Hospital, McLaren Health Care, 5.00%, 5/15/32  | 1,000      | 1,110,100    |
| Hospital, McLaren Health Care, 5.00%, 5/15/33  | 2,000      | 2,211,100    |
| Hospital, McLaren Health Care, 5.00%, 5/15/34  | 5,000      | 5,501,300    |
| Hospital, McLaren Health Care, 5.00%, 5/15/34  | 1,500      | 1,650,390    |
| Hospital, McLaren Health Care, 5.00%, 5/15/35  | 4,945      | 5,422,242    |
| MidMichigan Health, 5.00%, 6/01/39   | 1,500      | 1,620,165    |
| Trinity Health Credit Group, 5.00%, 12/01/21 (a)                                     | 20         | 23,103       |
| Trinity Health Credit Group, 5.00%, 12/01/31   | 5,000      | 5,640,900    |
| Trinity Health Credit Group, 5.00%, 12/01/35   | 6,500      | 7,291,960    |
| Trinity Health Credit Group, 5.00%, 12/01/39   | 4,980      | 5,577,052    |
| Michigan State Hospital Finance Authority, RB, Ascension Health Senior Credit Group, |            |              |
| 5.00%, 11/15/25  | 6,000      | 6,491,460    |
|  | <b>Par</b> |              |
|  | (000)      | Value        |
| <b>Municipal Bonds</b>   |            |              |
| <b>Michigan (continued)</b>  |            |              |
| <b>Health (continued)</b>  |            |              |
| Michigan State Hospital Finance Authority, Refunding RB:                             |            |              |
| Henry Ford Health System, 5.75%, 11/15/19 (a)  | \$ 3,165   | \$ 3,540,907 |
| Hospital, Oakwood Obligated Group, 5.00%, 11/01/32                                   | 4,000      | 4,318,480    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)                      | 1,000      | 1,019,010    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)                      | 5,730      | 5,838,927    |
| Hospital, Oakwood Obligated Group, Series A, 5.00%, 7/15/17 (a)                      | 3,970      | 4,045,470    |
| Hospital, Sparrow Obligated Group, 5.00%, 11/15/17 (a)                               | 3,330      | 3,437,126    |
| Hospital, Sparrow Obligated Group, 5.00%, 11/15/31                                   | 1,365      | 1,392,955    |
| McLaren Health Care, Series A, 5.75%, 5/15/18 (a)                                    | 6,000      | 6,357,060    |
| McLaren Health Care, Series A, 5.00%, 6/01/35  | 2,250      | 2,423,002    |



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|   |        |             |
|---|--------|-------------|
| Trinity Health, 6.50%, 12/01/18 (a)   | 425    | 465,834     |
| Trinity Health, 6.50%, 12/01/33   | 80     | 86,706      |
| Trinity Health Credit Group, 6.50%, 12/01/18 (a)  | 1,895  | 2,077,072   |
| Trinity Health Credit Group, Series A, 6.13%, 12/01/18 (a)  | 940    | 1,023,942   |
| Trinity Health Credit Group, Series A, 6.25%, 12/01/18 (a)  | 1,500  | 1,637,340   |
| Trinity Health Credit Group, Series C, 4.00%, 12/01/32  | 5,300  | 5,404,410   |
| Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital:                                       |        |             |
| Series D, 5.00%, 9/01/39  | 25,505 | 27,258,469  |
| Series W, 6.00%, 8/01/19 (a)  | 1,500  | 1,670,820   |
| Royal Oak Michigan Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a)          | 2,000  | 2,222,460   |
|   |        | 158,833,196 |
| <b>Housing 6.6%</b>   |        |             |
| Michigan State HDA, RB:   |        |             |
| M/F Housing, Rental Housing Revenue, Series A, 4.45%, 10/01/34  | 1,000  | 1,035,390   |
| M/F Housing, Rental Housing Revenue, Series A, 4.63%, 10/01/39  | 3,490  | 3,583,009   |
| M/F Housing, Rental Housing Revenue, Series A, 4.75%, 10/01/44  | 5,000  | 5,131,350   |
| M/F Housing, Series A, 4.30%, 10/01/40  | 3,320  | 3,347,921   |
| S/F Housing, Series A, 4.75%, 12/01/25  | 6,840  | 7,198,553   |
| Williams Pavilion, AMT (Ginnie Mae), 4.75%, 4/20/37   | 3,390  | 3,393,254   |
| Michigan State HDA, Refunding RB, M/F Housing, Series A, 6.05%, 10/01/41  | 5,460  | 5,790,057   |
|   |        | 29,479,534  |
| <b>State 16.4%</b>  |        |             |
| Michigan Finance Authority, Refunding RB, Detroit Regional Convention Facility Authority Local Project Bonds, 5.00%, 10/01/39 | 5,400  | 5,853,384   |
| Michigan State Finance Authority, RB, Local Government Loan Program, Series F, 5.00%, 4/01/31                                 | 1,000  | 1,074,720   |
| Michigan Strategic Fund, RB, Michigan Senate Offices Project, Series A, 5.25%, 10/15/40                                       | 3,000  | 3,329,070   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Michigan (continued)</b>  |              |              |
| <b>State (continued)</b>   |              |              |
| Michigan Strategic Fund, Refunding RB, Cadillac Place Office Building Project, 5.25%, 10/15/31       | \$ 7,000     | \$ 7,842,380 |
| State of Michigan, COP, (AMBAC), 0.00%, 6/01/22 (b)(c)   | 3,000        | 2,687,970    |
| State of Michigan Building Authority, RB, Local Government Loan Program, Series F, 5.25%, 10/01/41   | 8,595        | 9,256,213    |
| State of Michigan Building Authority, Refunding RB:  |              |              |
| Facilities Program, Series I, 6.25%, 10/15/18 (a)  | 3,780        | 4,103,757    |
| Facilities Program, Series I, 6.25%, 10/15/18 (a)  | 2,260        | 2,453,569    |
| Facilities Program, Series I, 6.25%, 10/15/38  | 210          | 226,292      |
| Facilities Program, Series I (AGC), 5.25%, 10/15/24  | 6,000        | 6,549,240    |
| Facilities Program, Series I (AGC), 5.25%, 10/15/25  | 3,500        | 3,816,505    |
| Facilities Program, Series I (AGC), 5.25%, 10/15/26  | 1,000        | 1,089,330    |
| Facilities Program, Series I-A, 5.50%, 10/15/45  | 2,000        | 2,233,540    |
| Facilities Program, Series II (AGM), 5.00%, 10/15/26   | 7,500        | 8,118,600    |
| Series I, 5.00%, 4/15/41   | 4,750        | 5,273,973    |
| State of Michigan Trunk Line Fund, RB:   |              |              |
| 5.00%, 11/15/33  | 3,000        | 3,356,730    |
| 5.00%, 11/15/36  | 5,345        | 5,954,918    |
|  |              | 73,220,191   |
| <b>Transportation 11.4%</b>  |              |              |
| State of Michigan, RB, Garvee, GAB (AGM), 5.25%, 9/15/17 (a)   | 8,500        | 8,732,900    |
| Wayne County Airport Authority, RB:  |              |              |
| Detroit Metropolitan Wayne County Airport, AMT (NPFGC), 5.00%, 12/01/39                              | 1,475        | 1,578,397    |
| Series D, 5.00%, 12/01/35  | 3,850        | 4,214,903    |
| Series D, 5.00%, 12/01/45  | 5,000        | 5,422,950    |
| Wayne County Airport Authority, Refunding RB, AMT:   |              |              |
| (AGC), 5.75%, 12/01/25   | 4,000        | 4,284,200    |
| (AGC), 5.75%, 12/01/26   | 4,060        | 4,348,463    |
| (AGC), 5.38%, 12/01/32   | 13,000       | 13,694,590   |
| Series F, 5.00%, 12/01/34  | 8,000        | 8,708,000    |
|  |              | 50,984,403   |
| <b>Utilities 15.4%</b>   |              |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien, Series A, 5.25%, 7/01/39 | 2,655        | 2,861,984    |
| City of Detroit Michigan Water Supply System, RB, Senior Lien, Series A, 5.25%, 7/01/41              | 4,325        | 4,606,601    |
| City of Detroit Michigan Water Supply System Revenue, RB, Series A (NPFGC), 5.00%, 7/01/34           | 10           | 10,023       |
| City of Grand Rapids Michigan Sanitary Sewer System, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22  | 1,280        | 1,432,179    |
| City of Holland Michigan Electric Utility System, RB, Series A, 5.00%, 7/01/39                       | 10,000       | 11,138,800   |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A:                     |              |              |
| 5.00%, 7/01/27   | 3,180        | 3,567,038    |
| 5.00%, 7/01/31   | 6,830        | 7,535,197    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Michigan (continued)</b>  |              |              |
| <b>Utilities (continued)</b>   |              |              |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A (continued):         |              |              |
| 5.00%, 7/01/37   | \$ 3,335     | \$ 3,679,339 |
| 5.50%, 7/01/41   | 5,000        | 5,655,900    |
| City of Port Huron Michigan, RB, Water Supply System:  |              |              |
| 5.25%, 10/01/31  | 500          | 535,345      |
| 5.63%, 10/01/40  | 1,500        | 1,642,830    |

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|  |        |             |
|--|--------|-------------|
| Great Lakes Water Authority Water Supply System Revenue, RB, Second Lien, Series B, 5.00%, 7/01/46           | 10,000 | 10,721,100  |
| Michigan Finance Authority, Refunding RB:<br>Government Loan Program, 5.00%, 7/01/34                         | 2,000  | 2,195,600   |
| Government Loan Program, 5.00%, 7/01/35  | 750    | 820,508     |
| Senior Lien, Detroit Water and Sewer, Series C-3 (AGM), 5.00%, 7/01/31                                       | 1,000  | 1,111,000   |
| Senior Lien, Detroit Water and Sewer, Series C-3 (AGM), 5.00%, 7/01/32                                       | 5,250  | 5,810,910   |
| Senior Lien, Detroit Water and Sewer, Series C-3 (AGM), 5.00%, 7/01/33                                       | 3,000  | 3,308,100   |
| Michigan Municipal Bond Authority, RB, State Clean Water Revolving Fund, Pooled Project, 5.00%, 10/01/20 (a) | 2,000  | 2,252,200   |
|  |        | 68,884,654  |
| <b>Total Municipal Bonds 137.2%</b>  |        | 613,821,058 |

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

|   |        |            |
|---|--------|------------|
| <b>Michigan 24.8%</b>   |        |            |
| <b>County/City/Special District/School District 4.2%</b>  |        |            |
| Lakewood Public Schools Michigan, GO, School Building & Site (AGM) (Q-SBLF), 5.00%, 5/01/17 (a)     | 10,440 | 11,040,874 |
| Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/18 (a)               | 7,500  | 7,873,275  |
|   |        | 18,914,149 |
| <b>Education 12.0%</b>  |        |            |
| Michigan State University, Refunding RB, General, Series A, 5.00%, 8/15/38                          | 10,000 | 11,274,300 |
| Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/18 (a)                    | 10,000 | 10,555,400 |
| Wayne State University, RB, General, Series A, 5.00%, 11/15/40                                      | 10,000 | 10,962,200 |
| Wayne State University, Refunding RB, General (AGM):<br>5.00%, 11/15/18 (a)                         | 8,880  | 9,364,746  |
| 5.00%, 11/15/35   | 11,120 | 11,727,024 |
|   |        | 53,883,670 |
| <b>Health 8.6%</b>  |        |            |
| Michigan Finance Authority, RB, Beaumont Health Credit Group, 5.00%, 11/01/44                       | 10,002 | 10,810,510 |
| Michigan Finance Authority, Refunding RB:<br>Hospital, Trinity Health Credit Group, 5.00%, 12/01/39 | 190    | 212,779    |
| Trinity Health Corp., Series 2016, 5.00%, 12/01/45  | 19,735 | 21,596,346 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

|  | Par           |                |
|--|---------------|----------------|
|  | (000)         | Value          |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>                              |               |                |
| Michigan (continued)   |               |                |
| Health (continued)   |               |                |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 5.00%, 10/15/45   | \$ 5,150      | \$ 5,664,279   |
|  |               | 38,283,914     |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 24.8%</b>                      |               | 111,081,733    |
| <b>Total Long-Term Investments (Cost \$693,696,916) 162.0%</b>                                   |               | 724,902,791    |
| <b>Short-Term Securities</b>   | <b>Shares</b> | <b>Value</b>   |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (e)(f)                           | 4,724,982     | \$ 4,725,454   |
| <b>Total Short-Term Securities (Cost \$4,725,361) 1.1%</b>                                       |               | 4,725,454      |
| <b>Total Investments (Cost \$698,422,277) 163.1%</b>   |               | 729,628,245    |
| <b>Other Assets Less Liabilities 1.6%</b>  |               | 7,094,870      |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (12.9)%</b> |               | (57,166,919)   |
| <b>Loan for TOB Trust Certificates</b>   |               | (659,835)      |
| <b>VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (51.8)%</b>                  |               | (231,461,378)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 447,434,983 |

## 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) Security is collateralized by municipal bonds or U.S. Treasury obligations.
- (c) Zero-coupon bond.
- (d) 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.
- (e) During the six months ended January 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:

| Affiliate  | Shares Held at July 31, 2016 | Net Activity | Shares Held at January 31, 2017 | Value at January 31, 2017 | Income   | Net                        |                                   |
|--|------------------------------|--------------|---------------------------------|---------------------------|----------|----------------------------|-----------------------------------|
|  |                              |              |                                 |                           |          | Realized Gain <sup>1</sup> | Change in Unrealized Appreciation |
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 4,096,066                    | 628,916      | 4,724,982                       | \$ 4,725,454              | \$ 9,319 | \$ 330                     | \$ 93                             |

<sup>1</sup> Includes net capital gain distributions.

(f) Current yield as of period end.

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

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

**Futures Contracts**

| <b>Contracts</b> | <b>Short</b> | <b>Issue</b>               | <b>Expiration</b> | <b>Notional Value</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|------------------|--------------|----------------------------|-------------------|-----------------------|---|
| (67)             |              | 5-Year U.S. Treasury Note  | March 2017        | \$ 7,897,102          | \$ (7,737)  |
| (272)            |              | 10-Year U.S. Treasury Note | March 2017        | \$ 33,855,500         | (39,097)  |
| (158)            |              | Long U.S. Treasury Bond    | March 2017        | \$ 23,833,312         | 55,351  |
| (24)             |              | Ultra U.S. Treasury Bond   | March 2017        | \$ 3,856,500          | 396   |
| <b>Total</b>     |              |                            |                   |                       | \$ 8,913  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

| Assets            | Derivative Financial Instruments         | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total     |
|-------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|-----------|
| Futures contracts | Net unrealized appreciation <sup>1</sup> |                     |                  |                  |                                     | \$ 55,747               |                 | \$ 55,747 |
| Liabilities       | Derivative Financial Instruments         |                     |                  |                  |                                     |                         |                 |           |
| Futures contracts | Net unrealized depreciation <sup>1</sup> |                     |                  |                  |                                     | \$ 46,834               |                 | \$ 46,834 |

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from:                           | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total        |
|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| Futures contracts  |                     |                  |                  |                                     | \$ 2,485,299            |                 | \$ 2,485,299 |
| Net Change in Unrealized Appreciation (Depreciation) on: |                     |                  |                  |                                     |                         |                 |              |
| Futures contracts  |                     |                  |                  |                                     | \$ 255,703              |                 | \$ 255,703   |

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

Futures contracts:

|                                     |       |                         |
|-------------------------------------|-------|-------------------------|
| Average notional value of contracts | long  | \$ 483,760 <sup>1</sup> |
| Average notional value of contracts | short | \$ 50,393,176           |

<sup>1</sup> Actual amounts for the period are shown due to limited outstanding derivative financial instruments as of each quarter.

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:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets:                            |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 724,902,791 |         | \$ 724,902,791 |
| Short-Term Securities              | \$ 4,725,454 |                |         | 4,725,454      |
| Total                              | \$ 4,725,454 | \$ 724,902,791 |         | \$ 729,628,245 |

Derivative Financial Instruments<sup>2</sup>

**Assets:**

|                         |           |           |
|-------------------------|-----------|-----------|
| Interest rate contracts | \$ 55,747 | \$ 55,747 |
|-------------------------|-----------|-----------|

**Liabilities:**

|                         |          |          |
|-------------------------|----------|----------|
| Interest rate contracts | (46,834) | (46,834) |
|-------------------------|----------|----------|

|              |                 |                 |
|--------------|-----------------|-----------------|
| <b>Total</b> | <b>\$ 8,913</b> | <b>\$ 8,913</b> |
|--------------|-----------------|-----------------|

<sup>1</sup> See above Schedule of Investments for values in each sector.

<sup>2</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

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

|                                  | Level 1 | Level 2                 | Level 3 | Total                   |
|----------------------------------|---------|-------------------------|---------|-------------------------|
| TOB Trust Certificates           |         | \$ (57,062,222)         |         | \$ (57,062,222)         |
| Loan for TOB Trust Certificates  |         | (659,835)               |         | (659,835)               |
| VRDP Shares at Liquidation Value |         | (231,900,000)           |         | (231,900,000)           |
| <b>Total</b>                     |         | <b>\$ (289,622,057)</b> |         | <b>\$ (289,622,057)</b> |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.



## Schedule of Investments January 31, 2017 (Unaudited)

## BlackRock MuniYield Pennsylvania Quality Fund (MPA)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Pennsylvania 117.8%</b>  |            |              |
| <b>Corporate 3.0%</b>   |            |              |
| County of Beaver Pennsylvania IDA, Refunding RB, First Energy Nuclear Energy Project, Series B, 3.50%, 12/01/35 (a) | \$ 3,745   | \$ 1,546,797 |
| Pennsylvania Economic Development Financing Authority, RB:  |            |              |
| American Water Co. Project, 6.20%, 4/01/39  | 1,510      | 1,646,655    |
| Aqua Pennsylvania, Inc. Project, Series B, 4.50%, 12/01/42  | 2,630      | 2,712,030    |
| Pennsylvania Economic Development Financing Authority, Refunding RB, AMT:   |            |              |
| Aqua Pennsylvania, Inc. Project, Series A, 5.00%, 12/01/34  | 180        | 191,392      |
| National Gypsum Co., 5.50%, 11/01/44  | 135        | 142,386      |
|   |            | 6,239,260    |
| <b>County/City/Special District/School District 31.5%</b>   |            |              |
| Allentown Neighborhood Improvement Zone Development Authority, Refunding RB, Series A:                              |            |              |
| 5.00%, 5/01/35  | 190        | 197,900      |
| 5.00%, 5/01/42  | 450        | 466,133      |
| Bethlehem Area School District, GO, (BAM), Series A:  |            |              |
| 5.00%, 8/01/34  | 1,610      | 1,784,991    |
| 5.00%, 8/01/35  | 1,210      | 1,336,832    |
| Borough of West Chester Pennsylvania, GO, Refunding, 3.50%, 11/15/35  | 1,095      | 1,061,154    |
| Boyertown Area School District, GO:   |            |              |
| 5.00%, 10/01/36   | 610        | 674,446      |
| 5.00%, 10/01/38   | 920        | 1,014,732    |
| City of Philadelphia Pennsylvania, GO, Refunding, Series A:   |            |              |
| (AGM), 5.25%, 12/15/18 (b)  | 5,000      | 5,384,950    |
| (AGC), 5.00%, 8/01/24   | 2,370      | 2,561,946    |
| City of Pittsburgh Pennsylvania, GO, Series B, 5.00%, 9/01/26   | 1,095      | 1,237,821    |
| County of Bucks Pennsylvania Water & Sewer Authority, RB, Series A (AGM):   |            |              |
| 5.00%, 12/01/37   | 780        | 867,422      |
| 5.00%, 12/01/40   | 1,000      | 1,111,360    |
| County of Dauphin General Authority, Refunding RB, Pinnacle Health System Project, 6.00%, 6/01/29                   | 260        | 283,868      |
| County of Lycoming Pennsylvania Water & Sewer Authority, RB, (AGM), 5.00%, 11/15/19 (b)                             | 500        | 550,465      |
| County of Montgomery Pennsylvania IDA, RB, Acts Retirement Life Communities, Inc., 5.00%, 11/15/36                  | 1,955      | 2,084,206    |
| County of Northampton Pennsylvania IDA, Route 33 Project, Tax Allocation Bonds, 7.00%, 7/01/32                      | 180        | 202,568      |
| County of York Pennsylvania, GO, Refunding, 5.00%, 3/01/36  | 500        | 548,275      |
| East Stroudsburg Area School District, GO, Refunding, Series A (AGM), 5.00%, 9/01/25                                | 3,000      | 3,066,030    |
| Lower Merion School District, GO, Refunding, Series A, 3.25%, 11/15/27  | 2,035      | 2,092,041    |
| Marple Newtown School District, GO, (AGM), 5.00%, 6/01/19 (b)   | 4,100      | 4,455,880    |
| Northeastern School District York County, GO, Series B (NPFGC), 5.00%, 4/01/17 (b)                                  | 1,585      | 1,596,206    |
| Owen J. Roberts School District, GO, 4.75%, 11/15/25  | 700        | 728,924      |
| Philadelphia School District, GO, Series E (b):   |            |              |
| 2015, 6.00%, 9/01/18  | 5          | 5,383        |
| 2015-2, 6.00%, 9/01/18  | 5          | 5,383        |
| 2016, 6.00%, 9/01/18  | 3,340      | 3,595,577    |
|   | <b>Par</b> |              |
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Pennsylvania (continued)</b>   |            |              |
| <b>County/City/Special District/School District (continued)</b>   |            |              |
| Shaler Area School District Pennsylvania, GO, CAB (Syncora), 0.00%, 9/01/30 (c)                                     | \$ 6,145   | \$ 3,749,556 |
| State Public School Building Authority, RB (AGM):   |            |              |
| Community College, Allegheny County Project, 5.00%, 7/15/34   | 2,190      | 2,407,029    |
| Corry Area School District, CAB, 0.00%, 12/15/22 (c)  | 1,640      | 1,403,791    |
| Corry Area School District, CAB, 0.00%, 12/15/23 (c)  | 1,980      | 1,626,194    |
| Corry Area School District, CAB, 0.00%, 12/15/24 (c)  | 1,980      | 1,566,576    |

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|  |       |            |
|--|-------|------------|
| Corry Area School District, CAB, 0.00%, 12/15/25 (c)   | 1,770 | 1,342,793  |
| State Public School Building Authority, Refunding RB, Harrisburg School District Project, Series A (AGC) (b):                  |       |            |
| 5.00%, 5/15/19   | 215   | 233,355    |
| 5.00%, 5/15/19   | 215   | 233,251    |
| 5.00%, 5/15/19   | 855   | 927,581    |
| Township of Bristol Pennsylvania School District, GO:  |       |            |
| 5.00%, 6/01/40   | 775   | 830,025    |
| (BAM), 5.00%, 6/01/42  | 1,685 | 1,863,981  |
| 5.25%, 6/01/43   | 6,925 | 7,640,837  |
| Township of Falls Pennsylvania, Refunding RB, Water & Sewer Authority, 5.00%, 12/01/37   | 1,270 | 1,375,702  |
| Township of Lower Paxton Pennsylvania, GO:   |       |            |
| 5.00%, 4/01/42   | 435   | 483,007    |
| 5.00%, 4/01/46   | 1,435 | 1,589,506  |
| Township of Upper Moreland Pennsylvania School District, GO, 5.00%, 10/01/34   | 130   | 144,717    |
|  |       | 64,332,394 |
| <b>Education 18.0%</b>   |       |            |
| County of Adams Pennsylvania IDA, Refunding RB, Gettysburg College:  |       |            |
| 5.00%, 8/15/24   | 100   | 109,162    |
| 5.00%, 8/15/25   | 100   | 108,877    |
| 5.00%, 8/15/26   | 100   | 108,877    |
| County of Cumberland Pennsylvania Municipal Authority, RB, AICUP Financing Program, Dickinson College Project, 5.00%, 11/01/39 | 200   | 212,324    |
| County of Cumberland Pennsylvania Municipal Authority, Refunding RB, Diakon Lutheran:  |       |            |
| 6.38%, 1/01/19 (b)   | 900   | 988,335    |
| 6.38%, 1/01/39   | 100   | 108,678    |
| County of Delaware Pennsylvania Authority, RB, Villanova University:   |       |            |
| 5.00%, 8/01/40   | 1,205 | 1,335,971  |
| 5.00%, 8/01/45   | 3,610 | 3,988,400  |
| County of Delaware Pennsylvania Authority, Refunding RB:   |       |            |
| Haverford College, 5.00%, 11/15/35   | 415   | 451,238    |
| Villanova University, 5.25%, 12/01/19 (b)  | 100   | 110,985    |
| County of Northampton Pennsylvania General Purpose Authority, Refunding RB, Moravian College:                                  |       |            |
| 5.00%, 10/01/36  | 610   | 657,964    |
| 3.88%, 10/01/45  | 1,330 | 1,240,837  |
| Lancaster Higher Education Authority, RB, Harrisburg Area Community College Project, 3.00%, 4/01/36                            | 1,090 | 961,108    |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Pennsylvania Quality Fund (MPA)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Pennsylvania (continued)</b>   |            |              |
| <b>Education (continued)</b>  |            |              |
| Pennsylvania Higher Educational Facilities Authority, RB:   |            |              |
| Drexel University, Series A (NPFGC), 5.00%, 11/01/17 (b)  | \$ 1,650   | \$ 1,700,457 |
| Shippensburg University Student Services, Student Housing, 5.00%, 10/01/44  | 1,460      | 1,502,690    |
| Thomas Jefferson University, 5.00%, 3/01/20 (b)   | 1,000      | 1,068,920    |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB:   |            |              |
| Drexel University, Series A, 5.25%, 5/01/41   | 3,930      | 4,356,405    |
| La Salle University, 5.00%, 5/01/37   | 1,325      | 1,388,918    |
| La Salle University, 5.00%, 5/01/42   | 1,855      | 1,941,573    |
| State System of Higher Education, Series AL, 5.00%, 6/15/35   | 280        | 305,150      |
| Thomas Jefferson University, 4.00%, 3/01/37   | 385        | 388,831      |
| Thomas Jefferson University, 5.00%, 9/01/45   | 2,000      | 2,191,860    |
| University of the Sciences Philadelphia, 5.00%, 11/01/30  | 940        | 1,048,683    |
| University of the Sciences Philadelphia, 5.00%, 11/01/31  | 775        | 860,692      |
| University Properties, Inc. Student Housing Project, Series A, 5.00%, 7/01/35   | 300        | 314,925      |
| Widener University, Series A, 5.25%, 7/15/33  | 1,580      | 1,732,770    |
| Widener University, Series A, 5.50%, 7/15/38  | 385        | 423,073      |
| Pennsylvania State University, RB, 5.00%, 3/01/40   | 1,000      | 1,088,380    |
| Philadelphia Authority for Industrial Development, Refunding RB, 1st Series, 5.00%, 4/01/45   | 2,170      | 2,386,436    |
| Swarthmore Borough Authority, Refunding RB, Swarthmore College Project, 5.00%, 9/15/38  | 830        | 943,951      |
| Township of East Hempfield Pennsylvania IDA, RB, Student Services, Inc., Student Housing Project at Millersville University of Pennsylvania:                  |            |              |
| 5.00%, 7/01/35  | 485        | 503,294      |
| 5.00%, 7/01/35  | 435        | 452,865      |
| 5.00%, 7/01/45  | 300        | 308,268      |
| 5.00%, 7/01/47  | 820        | 842,648      |
| University of Pittsburgh, RB, Commonwealth System of Higher Education Capital Project, Series B, 5.00%, 3/15/19 (b)   | 610        | 658,873      |
|   |            | 36,792,418   |
| <b>Health 19.7%</b>   |            |              |
| City of Pottsville Pennsylvania Hospital Authority, Refunding RB, Lehigh Valley Health, Series B, 5.00%, 7/01/41  |            |              |
|   | 3,000      | 3,240,960    |
| County of Allegheny Pennsylvania Hospital Development Authority, RB, University of Pittsburgh Medical Center Health, Series B (NPFGC), 6.00%, 7/01/26         |            |              |
|   | 2,000      | 2,522,740    |
| County of Allegheny Pennsylvania Hospital Development Authority, Refunding RB, University of Pittsburgh Medical Center Health, Series A-1, 1.41%, 2/01/37 (a) |            |              |
|   | 2,500      | 2,279,550    |
| County of Berks Pennsylvania Municipal Authority, Refunding RB, Reading Hospital & Medical Center Project:  |            |              |
| Series A, 5.00%, 11/01/40   | 765        | 820,692      |
| Series A3, 5.50%, 11/01/31  | 500        | 547,355      |
|   | <b>Par</b> |              |
| <b>Municipal Bonds</b>  |            |              |
| <b>Pennsylvania (continued)</b>   |            |              |
| <b>Health (continued)</b>   |            |              |
| County of Centre Pennsylvania Hospital Authority, RB, Mount Nittany Medical Center Project, 7.00%, 11/15/21 (b)   |            |              |
|   | \$ 2,410   | \$ 2,994,979 |
| County of Cumberland Pennsylvania Municipal Authority, Refunding RB:  |            |              |
| Asbury Pennsylvania Obligated Group, 5.25%, 1/01/41   | 210        | 211,573      |
| Diakon Lutheran Social Ministries, 5.00%, 1/01/38   | 2,600      | 2,736,968    |
| County of Dauphin General Authority, Refunding RB, Pinnacle Health System Project, 6.00%, 6/01/19 (b)   |            |              |
|   | 240        | 266,218      |
| County of Franklin Pennsylvania IDA, Refunding RB, Chambersburg Hospital Project, 5.38%, 7/01/42  |            |              |
|   | 415        | 449,437      |
| County of Lancaster Pennsylvania Hospital Authority, Refunding RB:  |            |              |
| Masonic Villages of The Grand Lodge of Pennsylvania Project, 5.00%, 11/01/28  | 575        | 655,753      |
| Masonic Villages of The Grand Lodge of Pennsylvania Project, 5.00%, 11/01/35  | 425        | 465,532      |
| University of Pennsylvania Health System, 5.00%, 8/15/42  | 1,600      | 1,772,656    |

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|   |       |           |
|---|-------|-----------|
| County of Lehigh Pennsylvania, RB, Lehigh Valley Health Network, Series A (AGM), 5.00%, 7/01/18 (b)   | 7,995 | 8,430,887 |
| County of Montgomery Pennsylvania Higher Education & Health Authority, Refunding RB, Abington Memorial Hospital Obligated Group, Series A, 5.13%, 6/01/19 (b) | 490   | 514,407   |
| County of Montgomery Pennsylvania IDA, RB, Acts Retirement-Life Communities, Series A-1, 6.25%, 11/15/19 (b)  | 235   | 266,598   |
| County of Montgomery Pennsylvania IDA, Refunding RB: Acts Retirement-Life Communities, 5.00%, 11/15/27  | 865   | 943,187   |
| Acts Retirement-Life Communities, 5.00%, 11/15/28   | 555   | 602,874   |
| Whitemarsh Continuing Care Retirement Community, 5.25%, 1/01/40   | 220   | 205,810   |
| County of Union Pennsylvania Hospital Authority, Refunding RB, Evangelical Community Hospital Project, 7.00%, 8/01/41   | 460   | 522,804   |
| Geisinger Authority Pennsylvania, RB, Health System, Series A, 5.25%, 6/01/39   | 1,000 | 1,063,560 |
| Lancaster IDA, Refunding RB, Garden Spot Village Project: 5.38%, 5/01/28  | 520   | 562,448   |
| 5.75%, 5/01/35  | 865   | 935,497   |
| Pennsylvania Higher Educational Facilities Authority, Refunding RB, University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31                         | 1,000 | 1,076,130 |
| Philadelphia Hospitals & Higher Education Facilities Authority, RB, The Children's Hospital of Philadelphia Project, Series C, 5.00%, 7/01/41                 | 940   | 1,026,555 |
| Philadelphia Hospitals & Higher Education Facilities Authority, Refunding RB, Presbyterian Medical Center, 6.65%, 12/01/19 (d)                                | 1,310 | 1,430,468 |
| South Fork Municipal Authority, Refunding RB, Conemaugh Valley Memorial Hospital, Series B (AGC), 5.38%, 7/01/20 (b)  | 2,055 | 2,322,171 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Pennsylvania Quality Fund (MPA)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Pennsylvania (continued)</b>   |              |              |
| <b>Health (continued)</b>   |              |              |
| Southcentral Pennsylvania General Authority, Refunding RB, Wellspan Health Obligation Group, Series A:              |              |              |
| 6.00%, 12/01/18 (b)   | \$ 595       | \$ 646,789   |
| 6.00%, 6/01/29  | 655          | 699,907      |
|   |              | 40,214,505   |
| <b>Housing 10.5%</b>  |              |              |
| Pennsylvania HFA, RB:   |              |              |
| Brinton Manor Apartments & Brinton Towers, M/F Housing, Series A, 4.25%, 10/01/35                                   | 400          | 407,540      |
| Brinton Manor Apartments & Brinton Towers, M/F Housing, Series A, 4.50%, 10/01/40                                   | 400          | 408,912      |
| S/F Housing Mortgage, Series 114-C, 3.65%, 10/01/37   | 2,305        | 2,275,242    |
| S/F Housing Mortgage, Series 118-B, 4.05%, 10/01/40   | 1,000        | 1,005,490    |
| S/F Housing Mortgage, Series 2015-117-B, 4.05%, 10/01/40  | 1,600        | 1,599,920    |
| Pennsylvania HFA, Refunding RB, S/F Housing Mortgage:   |              |              |
| Series 096-A, AMT, 4.70%, 10/01/37  | 735          | 735,294      |
| Series 097-A, AMT, 4.65%, 10/01/31  | 1,300        | 1,301,183    |
| Series 099-A, AMT, 5.15%, 4/01/38   | 1,065        | 1,113,276    |
| Series 115-A, AMT, 4.20%, 10/01/33  | 750          | 775,808      |
| Series 119, 3.50%, 10/01/36   | 1,515        | 1,434,251    |
| Series 121, 3.10%, 10/01/36   | 3,000        | 2,676,240    |
| Philadelphia Housing Authority, RB, Capital Fund Program, M/F Housing, Series A (AGM), 5.50%, 12/01/18              | 3,000        | 3,026,280    |
| Philadelphia IDA, RB, Series A:   |              |              |
| 3.00%, 12/01/29   | 750          | 694,545      |
| 3.50%, 12/01/36   | 790          | 705,225      |
| 4.00%, 12/01/46   | 2,970        | 2,655,625    |
| 4.00%, 12/01/51   | 790          | 691,961      |
|   |              | 21,506,792   |
| <b>State 10.5%</b>  |              |              |
| Commonwealth of Pennsylvania, GO, 1st Series:   |              |              |
| 5.00%, 4/01/26  | 1,385        | 1,579,371    |
| 5.00%, 6/01/28  | 4,460        | 4,997,965    |
| 5.00%, 3/15/33  | 1,775        | 1,960,434    |
| Pennsylvania Economic Development Financing Authority, RB, Pennsylvania Bridge Finco LP, AMT, 5.00%, 6/30/42        |              |              |
|   | 7,500        | 7,914,675    |
| Pennsylvania Turnpike Commission, RB, Oil Franchise Tax, Remarketing, Series C (NPFGC), 5.00%, 12/01/18 (b)         |              |              |
|   | 4,600        | 4,921,448    |
|   |              | 21,373,893   |
| <b>Transportation 17.8%</b>   |              |              |
| City of Philadelphia Pennsylvania, ARB, Series A:   |              |              |
| 5.00%, 6/15/40  | 3,825        | 4,147,792    |
| AMT (AGM), 5.00%, 6/15/37   | 5,900        | 5,971,213    |
| Delaware River Port Authority, RB:  |              |              |
| 5.00%, 1/01/29  | 475          | 535,510      |
| 5.00%, 1/01/37  | 2,285        | 2,505,640    |
| Series D, 5.00%, 1/01/40  | 750          | 812,542      |
| Series D (AGM), 5.00%, 1/01/40  | 1,560        | 1,692,397    |
| Pennsylvania Economic Development Financing Authority, Refunding RB, Amtrak Project, Series A, AMT, 5.00%, 11/01/41 |              |              |
|   | 6,025        | 6,347,217    |
| Pennsylvania Turnpike Commission, RB:   |              |              |
| CAB, Sub-Series A-3, 0.00%, 12/01/42 (c)  | 4,760        | 1,546,381    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Pennsylvania (continued)</b>   |              |              |

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**Transportation (continued)**

|   |          |            |
|---|----------|------------|
| Pennsylvania Turnpike Commission, RB (continued):                               |          |            |
| CAB, Sub-Series A-3 (AGM), 0.00%, 12/01/40 (c)                                  | \$ 1,275 | \$ 490,340 |
| Series A, 5.13%, 12/01/20 (b)   | 75       | 85,184     |
| Series A, 5.13%, 12/01/26   | 25       | 27,564     |
| Pennsylvania Turnpike Commission, Refunding RB:                                 |          |            |
| Sub-Series A-1, 5.25%, 12/01/45   | 3,270    | 3,651,380  |
| Sub-Series B (AGM), 5.25%, 6/01/19 (b)  | 1,695    | 1,848,974  |
| Sub-Series B (AGM), 5.25%, 6/01/39  | 1,805    | 1,933,552  |
| Southeastern Pennsylvania Transportation Authority, RB, Capital Grant Receipts: |          |            |
| 5.00%, 6/01/28  | 1,860    | 2,057,197  |
| 5.00%, 6/01/29  | 2,465    | 2,723,135  |
|   |          | 36,376,018 |

**Utilities 6.8%**

|   |       |                    |
|---|-------|--------------------|
| City of Philadelphia Pennsylvania Gas Works, RB, 9th Series:                        |       |                    |
| 5.25%, 8/01/20 (b)  | 660   | 745,246            |
| 5.25%, 8/01/40  | 1,040 | 1,137,687          |
| City of Philadelphia Pennsylvania Gas Works, Refunding RB:                          |       |                    |
| 5.00%, 8/01/30  | 800   | 888,712            |
| 5.00%, 8/01/31  | 600   | 663,354            |
| 5.00%, 8/01/32  | 800   | 880,776            |
| 5.00%, 8/01/33  | 400   | 438,852            |
| 5.00%, 8/01/34  | 700   | 764,785            |
| City of Philadelphia Pennsylvania Water & Wastewater, RB:                           |       |                    |
| Series A, 5.25%, 1/01/19 (b)  | 800   | 862,312            |
| Series C (AGM), 5.00%, 8/01/40  | 3,350 | 3,648,485          |
| County of Allegheny Pennsylvania Sanitary Authority, RB, Sewer Improvement (BAM),   |       |                    |
| 5.25%, 12/01/41   | 1,410 | 1,577,832          |
| County of Bucks Pennsylvania Water & Sewer Authority, RB, Water System (AGM),       |       |                    |
| 5.00%, 12/01/41   | 30    | 32,416             |
| County of Delaware Pennsylvania Regional Water Quality Control Authority, RB, Sewer |       |                    |
| Improvements, 5.00%, 5/01/33  | 420   | 465,255            |
| Pennsylvania Economic Development Financing Authority, RB, Philadelphia Biosolids   |       |                    |
| Facility, 6.25%, 1/01/32  | 1,605 | 1,709,116          |
|   |       | 13,814,828         |
| <b>Total Municipal Bonds 117.8%</b>   |       | <b>240,650,108</b> |

**Municipal Bonds Transferred to  
Tender Option Bond Trusts (e)**

**Pennsylvania 45.0%**

**Education 13.6%**

|   |        |            |
|---|--------|------------|
| Pennsylvania Higher Educational Facilities Authority, RB, University of Pennsylvania Health |        |            |
| System, Series A:   |        |            |
| 5.75%, 8/15/21 (b)  | 5,120  | 6,051,635  |
| 4.00%, 8/15/39  | 7,815  | 7,892,278  |
| Pennsylvania Higher Educational Facilities Authority, Series AR, 4.00%, 6/15/38             | 11,335 | 11,374,638 |
| University of Pittsburgh, RB, The Commonwealth System of Higher Education, Capital Project, |        |            |
| Series B, 5.00%, 3/15/19 (b)  | 2,202  | 2,378,081  |
|   |        | 27,696,632 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock MuniYield Pennsylvania Quality Fund (MPA)

|   | Par       |                |
|---|-----------|----------------|
|   | (000)     | Value          |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |           |                |
| <b>Health 13.5%</b>   |           |                |
| Geisinger Authority Pennsylvania, RB, Health System:  |           |                |
| Series A, 5.13%, 6/01/34  | \$ 3,000  | \$ 3,180,120   |
| Series A, 5.25%, 6/01/39  | 3,128     | 3,327,118      |
| Series A-1, 5.13%, 6/01/41  | 7,430     | 8,013,462      |
| Pennsylvania Economic Development Financing Authority, RB, University of Pittsburgh Medical Center, Series B, 4.00%, 3/15/40                  |           |                |
|   | 8,000     | 7,963,840      |
| Philadelphia Hospitals & Higher Education Facilities Authority, RB, The Children's Hospital of Philadelphia Project, Series C, 5.00%, 7/01/41 |           |                |
|   | 4,680     | 5,110,935      |
|   |           | 27,595,475     |
| <b>Housing 3.0%</b>   |           |                |
| Pennsylvania HFA, Refunding RB, S/F Mortgage:   |           |                |
| Series 114A, 3.70%, 10/01/42  | 2,922     | 3,020,304      |
| Series 115A, AMT, 4.20%, 10/01/33   | 3,000     | 3,103,230      |
|   |           | 6,123,534      |
| <b>State 12.1%</b>  |           |                |
| Commonwealth of Pennsylvania, GO, 1st Series, 5.00%, 3/15/19 (b)  |           |                |
|   | 6,028     | 6,504,537      |
| General Authority of Southcentral Pennsylvania, Refunding RB, Wellspan Health Obligated Group, Series A, 5.00%, 6/01/44                       |           |                |
|   | 7,000     | 7,626,360      |
| Pennsylvania Turnpike Commission, RB, Oil Franchise Tax, Remarketing, Series C (NPFGC), 5.00%, 12/01/18 (b)                                   |           |                |
|   | 10,000    | 10,698,800     |
|   |           | 24,829,697     |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |           |                |
| <b>Transportation 0.9%</b>  |           |                |
| Pennsylvania Turnpike Commission, RB, Sub-Series A, 5.50%, 12/01/42   | \$ 1,680  | \$ 1,915,385   |
| <b>Utilities 1.9%</b>   |           |                |
| County of Westmoreland Pennsylvania Municipal Authority, RB, Westmoreland County, Pennsylvania (BAM), 5.00%, 8/15/42                          |           |                |
|   | 3,493     | 3,844,227      |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 45.0%</b>   |           | 92,004,950     |
| <b>Total Long-Term Investments</b>  |           |                |
| (Cost \$320,801,423) 162.8%   |           | 332,655,058    |
| <b>Short-Term Securities 1.2%</b>   |           |                |
| BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.50% (f)(g)  |           |                |
|   | 2,391,354 | 2,391,593      |
| <b>Total Short-Term Securities</b>  |           |                |
| (Cost \$2,391,360) 1.2%   |           | 2,391,593      |
| <b>Total Investments (Cost \$323,192,783) 164.0%</b>  |           | 335,046,651    |
| <b>Other Assets Less Liabilities 1.8%</b>   |           | 3,751,299      |
| <b>Liability for TOB Trust Certificates, Including Interest</b>   |           |                |
| <b>Expense and Fees Payable (25.5)%</b>   |           | (52,174,523)   |
| <b>VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (40.3)%</b>   |           | (82,325,227)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |           | \$ 204,298,200 |

Notes to Schedule of Investments

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- (a) Variable rate security. Rate as of period end.
- (b) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Zero-coupon bond.
- (d) Security is collateralized by municipal bonds or U.S. Treasury obligations.
- (e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.
- (f) During the six months ended January 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:

| Affiliate  | Shares Held<br>at July 31,<br>2016 | Net<br>Activity | Shares Held<br>at January 31,<br>2017 | Value at<br>January 31,<br>2017 | Income   | Net<br>Realized<br>Gain <sup>1</sup> | Change in<br>Unrealized<br>Appreciation |
|--|------------------------------------|-----------------|---------------------------------------|---------------------------------|----------|--------------------------------------|---|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 455,980                            | 1,935,374       | 2,391,354                             | \$ 2,391,593                    | \$ 9,339 | \$ 241                               | \$ 233                                  |

<sup>1</sup> Includes net capital gain distributions.

- (g) Current yield as of period end.

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

## Derivative Financial Instruments Outstanding as of Period End

| Futures Contracts |                            |            |                |    | Unrealized      |
|-------------------|----------------------------|------------|----------------|----|-----------------|
| Contracts         | Issue                      | Expiration | Notional Value |    | Depreciation    |
| Short             |                            |            |                |    |                 |
| (15)              | 5-Year U.S. Treasury Note  | March 2017 | \$ 1,768,008   | \$ | (4,744)         |
| (90)              | 10-Year U.S. Treasury Note | March 2017 | \$ 11,202,187  |    | (37,376)        |
| (65)              | Long U.S. Treasury Bond    | March 2017 | \$ 9,804,844   |    | (12,895)        |
| (12)              | Ultra U.S. Treasury Bond   | March 2017 | \$ 1,928,250   |    | (8,371)         |
| <b>Total</b>      |                            |            |                | \$ | <b>(63,386)</b> |

See Notes to Financial Statements.



## Schedule of Investments (concluded)

BlackRock MuniYield Pennsylvania Quality Fund (MPA)

## 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:

| Liabilities       | Derivative Financial Instruments         | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total     |
|-------------------|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|-----------|
| Futures contracts | Net unrealized depreciation <sup>1</sup> |                     |                  |                  |                                     | \$ 63,386               |                 | \$ 63,386 |

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedules of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the six months ended January 31, 2017, the effect of derivative financial instruments in the Statements of Operations was as follows:

| Net Realized Gain (Loss) from:                           | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total        |
|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|--------------|
| Futures contracts  |                     |                  |                  |                                     | \$ 1,072,338            |                 | \$ 1,072,338 |
| Net Change in Unrealized Appreciation (Depreciation) on: |                     |                  |                  |                                     |                         |                 |              |
| Futures contracts  |                     |                  |                  |                                     | \$ (33,510)             |                 | \$ (33,510)  |

## Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:

|                                     |       |                         |
|-------------------------------------|-------|-------------------------|
| Average notional value of contracts | long  | \$ 241,880 <sup>1</sup> |
| Average notional value of contracts | short | \$ 18,098,613           |

<sup>1</sup> Actual amounts for the period are shown due to limited outstanding derivative financial instruments as of each quarter.

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:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 332,655,058 |         | \$ 332,655,058 |
| Short-Term Securities              | \$ 2,391,593 |                |         | 2,391,593      |
| <b>Total</b>                       | \$ 2,391,593 | \$ 332,655,058 |         | \$ 335,046,651 |

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Derivative Financial Instruments<sup>2</sup>

**Liabilities:**

|                         |             |             |
|-------------------------|-------------|-------------|
| Interest rate contracts | \$ (63,386) | \$ (63,386) |
|-------------------------|-------------|-------------|

<sup>1</sup> See above Schedule of Investments for values in each sector.

<sup>2</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

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

|                                  | Level 1 | Level 2                 | Level 3 | Total                   |
|----------------------------------|---------|-------------------------|---------|-------------------------|
| <b>Liabilities:</b>              |         |                         |         |                         |
| TOB Trust Certificates           |         | \$ (52,082,674)         |         | \$ (52,082,674)         |
| VRDP Shares at Liquidation Value |         | (82,600,000)            |         | (82,600,000)            |
| <b>Total</b>                     |         | <b>\$ (134,682,674)</b> |         | <b>\$ (134,682,674)</b> |

During the six months ended January 31, 2017, there were no transfers between levels.

See Notes to Financial Statements.

## Statements of Assets and Liabilities

|  | <b>BlackRock<br/>MuniHoldings<br/>California<br/>Quality<br/>Fund, Inc.<br/>(MUC)</b> | <b>BlackRock<br/>MuniHoldings<br/>New Jersey<br/>Quality<br/>Fund, Inc.<br/>(MUJ)</b> | <b>BlackRock<br/>MuniYield<br/>Investment<br/>Quality<br/>Fund<br/>(MFT)</b> | <b>BlackRock<br/>MuniYield<br/>Michigan<br/>Quality<br/>Fund, Inc.<br/>(MIY)</b> | <b>BlackRock<br/>MuniYield<br/>Pennsylvania<br/>Quality<br/>Fund<br/>(MPA)</b> |
|--|---|---|--|--|--|
| <b>January 31, 2017 (Unaudited)</b>  |   |   |  |  |  |
| <b>Assets</b>  |   |   |  |  |  |
| Investments at value unaffiliated  | \$ 1,041,947,181  | \$ 742,144,805  | \$ 202,743,902   | \$ 724,902,791   | \$ 332,655,058   |
| Investments at value affiliated  |   | 1,642,526   | 1,295,693  | 4,725,454  | 2,391,593  |
| Cash pledged for futures contracts   | 1,333,500   | 1,248,000   | 231,550  | 1,281,950  | 496,800  |
| Receivables:   |   |   |  |  |  |
| Interest unaffiliated  | 15,156,466  | 5,606,028   | 2,143,477  | 8,281,394  | 3,400,289  |
| TOB Trust  | 6,661,004   |   | 1,105,000  |  | 1,125,000  |
| Investments sold   | 4,212,687   | 515,283   | 13,664   | 375,000  | 149  |
| Dividends affiliated   | 2,362   | 1,128   | 307  | 527  | 1,449  |
| Prepaid expenses   | 23,103  | 17,528  | 6,666  | 17,041   | 9,397  |
| <b>Total assets</b>  | <b>1,069,336,303</b>  | <b>751,175,298</b>  | <b>207,540,259</b>   | <b>739,584,157</b>   | <b>340,079,735</b>   |
| <b>Liabilities</b>   |   |   |  |  |  |
| Bank overdraft   | 5,820,967   | 283,202   | 77,924   | 289,526  | 94,069   |
| Payables:  |   |   |  |  |  |
| Income dividends Common Shares   | 2,521,653   | 2,035,386   | 601,664  | 1,893,009  | 831,852  |
| Investment advisory fees   | 450,173   | 318,498   | 86,173   | 307,353  | 139,877  |
| Interest expense and fees  | 430,011   | 81,851  | 39,156   | 104,697  | 91,849   |
| Officers and Directors fees  | 300,814   | 1,193   | 725  | 1,397  | 8,595  |
| Other accrued expenses   | 235,606   | 216,152   | 101,605  | 197,274  | 134,415  |
| Variation margin on futures contracts  | 196,375   | 186,203   | 34,680   | 172,483  | 72,977   |
| Investments purchased  |   |   | 2,639,075  |  |  |
| <b>Total accrued liabilities</b>   | <b>9,955,599</b>  | <b>3,122,485</b>  | <b>3,581,002</b>   | <b>2,965,739</b>   | <b>1,373,634</b>   |
| <b>Other Liabilities</b>   |   |   |  |  |  |
| TOB Trust Certificates   | 179,415,265   | 55,088,706  | 25,820,715   | 57,062,222   | 52,082,674   |
| Loan for TOB Trust Certificates  |   |   |  | 659,835  |  |
| VRDP Shares at liquidation value of \$100,000 per share, net of deferred offering costs <sup>3,4</sup> |   | 236,599,378   |  | 231,461,378  | 82,325,227   |
| VMTP Shares at liquidation value of \$100,000 per share <sup>3,4</sup>                                 | 254,000,000   |   | 56,500,000   |  |  |
| <b>Total other liabilities</b>   | <b>433,415,265</b>  | <b>291,688,084</b>  | <b>82,320,715</b>  | <b>289,183,435</b>   | <b>134,407,901</b>   |
| <b>Total liabilities</b>   | <b>443,370,864</b>  | <b>294,810,569</b>  | <b>85,901,717</b>  | <b>292,149,174</b>   | <b>135,781,535</b>   |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$ 625,965,439</b>   | <b>\$ 456,364,729</b>   | <b>\$ 121,638,542</b>  | <b>\$ 447,434,983</b>  | <b>\$ 204,298,200</b>  |
| <b>Net Assets Applicable to Common Shareholders Consist of</b>   |   |   |  |  |  |
| Paid-in capital <sup>5,6</sup>   | \$ 585,933,933  | \$ 424,127,549  | \$ 118,008,160   | \$ 421,036,239   | \$ 197,272,827   |
| Undistributed net investment income  | 4,108,265   | 4,262,978   | 1,415,550  | 1,478,550  | 695,952  |
| Accumulated net realized loss  | (6,632,473)   | (5,978,638)   | (11,512,820)   | (6,294,687)  | (5,461,061)  |
| Net unrealized appreciation (depreciation)   | 42,555,714  | 33,952,840  | 13,727,652   | 31,214,881   | 11,790,482   |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$ 625,965,439</b>   | <b>\$ 456,364,729</b>   | <b>\$ 121,638,542</b>  | <b>\$ 447,434,983</b>  | <b>\$ 204,298,200</b>  |
| Net asset value per Common Share   | \$ 15.27  | \$ 15.13  | \$ 14.35   | \$ 15.13   | \$ 15.30   |
| <sup>1</sup> Investments at cost unaffiliated  | \$ 999,209,169  | \$ 708,033,208  | \$ 188,980,309   | \$ 693,696,916   | \$ 320,801,423   |

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|  |            |             |             |           |           |    |             |    |            |
|--|------------|-------------|-------------|-----------|-----------|----|-------------|----|------------|
| <sup>2</sup> Investments at cost                                   | affiliated | \$          | 1,642,463   | \$        | 1,295,693 | \$ | 4,725,361   | \$ | 2,391,360  |
| <sup>3</sup> Preferred Shares Outstanding:                         |            |             |             |           |           |    |             |    |            |
| Par value \$0.05 per share   |            |             |             |           | 565       |    |             |    | 826        |
| Par value \$0.10 per share   |            | 2,540       | 2,371       |           |           |    | 2,319       |    |            |
| <sup>4</sup> Preferred Shares authorized                           |            | 18,140      | 9,847       | 1,000,000 |           |    | 8,046       |    | 1,000,000  |
| <sup>5</sup> Common Shares outstanding, par value \$0.10 per share |            | 41,002,483  | 30,153,865  | 8,474,134 |           |    | 29,578,269  |    | 13,352,365 |
| <sup>6</sup> Common Shares authorized                              |            | 199,981,860 | 199,990,153 | unlimited |           |    | 199,991,954 |    | unlimited  |

See Notes to Financial Statements.

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## Statements of Operations

| Six Months Ended January 31, 2017 (Unaudited)                                      | BlackRock<br>MuniHoldings<br>California<br>Quality<br>Fund, Inc.<br>(MUC) | BlackRock<br>MuniHoldings<br>New Jersey<br>Quality<br>Fund, Inc.<br>(MUJ) | BlackRock<br>MuniYield<br>Investment<br>Quality<br>Fund<br>(MFT) | BlackRock<br>MuniYield<br>Michigan<br>Quality<br>Fund, Inc.<br>(MIY) | BlackRock<br>MuniYield<br>Pennsylvania<br>Quality<br>Fund<br>(MPA) |
|--|---|---|--|--|--|
| <b>Investment Income</b>   |   |   |  |  |  |
| Interest unaffiliated  | \$ 20,411,985   | \$ 16,178,719   | \$ 4,611,524   | \$ 15,399,661  | \$ 7,058,196   |
| Dividends affiliated   | 17,111  | 12,499  | 1,385  | 9,319  | 9,339  |
| Total investment income  | 20,429,096  | 16,191,218  | 4,612,909  | 15,408,980   | 7,067,535  |
| <b>Expenses</b>  |   |   |  |  |  |
| Investment advisory  | 2,991,622   | 1,940,491   | 521,770  | 1,851,190  | 855,195  |
| Professional   | 64,574  | 55,417  | 29,563   | 49,657   | 38,459   |
| Accounting services  | 57,997  | 49,650  | 16,384   | 47,468   | 24,130   |
| Officer and Directors  | 47,446  | 21,187  | 5,703  | 20,595   | 10,118   |
| Custodian  | 22,103  | 17,707  | 6,829  | 18,021   | 9,910  |
| Transfer agent   | 19,708  | 17,681  | 10,476   | 18,368   | 14,322   |
| Registration   | 8,691   | 6,411   | 5,188  | 6,287  | 5,157  |
| Printing   | 7,723   | 6,464   | 4,452  | 9,410  | 4,965  |
| Liquidity fees   |   | 12,173  |  |  |  |
| Remarketing fees on Preferred Shares   |   | 11,953  |  |  |  |
| Rating agency  | 19,366  | 19,352  | 19,194   | 19,347   | 19,216   |
| Miscellaneous  | 31,392  | 32,262  | 22,190   | 33,075   | 27,362   |
| Total expenses excluding interest expense, fees and amortization of offering costs | 3,270,622   | 2,190,748   | 641,749  | 2,073,418  | 1,008,834  |
| Interest expense, fees and amortization of offering costs <sup>1</sup>             | 3,156,697   | 2,205,088   | 630,816  | 2,185,428  | 975,137  |
| Total expenses   | 6,427,319   | 4,395,836   | 1,272,565  | 4,258,846  | 1,983,971  |
| Less fees waived by the Manager  | (228,624)   | (2,573)   | (257)  | (1,750)  | (1,685)  |
| Total expenses after fees waived   | 6,198,695   | 4,393,263   | 1,272,308  | 4,257,096  | 1,982,286  |
| Net investment income  | 14,230,401  | 11,797,955  | 3,340,601  | 11,151,884   | 5,085,249  |
| <b>Realized and Unrealized Gain (Loss)</b>   |   |   |  |  |  |
| Net realized gain (loss) from:   |   |   |  |  |  |
| Investments unaffiliated   | (1,009,084)   | 302,942   | (247,548)  | 152,510  | 33,434   |
| Investments affiliated   | 532   | 705   | 160  | (11)   | 161  |
| Capital gain distributions from investment companies affiliated                    | 6   | 4,519   | 1,684  | 341  | 80   |
| Futures contracts  | 2,750,878   | 2,261,009   | 523,596  | 2,485,299  | 1,072,338  |
|  | 1,742,332   | 2,569,175   | 277,892  | 2,638,139  | 1,106,013  |
| Net change in unrealized appreciation (depreciation) on:                           |   |   |  |  |  |
| Investments unaffiliated   | (51,946,935)  | (45,056,907)  | (10,109,008)   | (39,180,510)   | (20,606,656)   |
| Investments affiliated   |   | 63  |  | 93   | 233  |
| Futures contracts  | (58,172)  | 261,656   | (15,095)   | 255,703  | (33,510)   |
|  | (52,005,107)  | (44,795,188)  | (10,124,103)   | (38,924,714)   | (20,639,933)   |
| Net realized and unrealized loss   | (50,262,775)  | (42,226,013)  | (9,846,211)  | (36,286,575)   | (19,533,920)   |
|  | \$ (36,032,374)   | \$ (30,428,058)   | \$ (6,505,610)   | \$ (25,134,691)  | \$ (14,448,671)  |

**Net Decrease in Net Assets Applicable to Common Shareholders  
Resulting from Operations**

<sup>1</sup> Related to TOB Trusts, VMTP Shares and/or VRDP Shares.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BR MuniHoldings California<br>Quality Fund, Inc. (MUC) |                                | BlackRock MuniHoldings New<br>Jersey Quality Fund, Inc. (MUJ) |                                |
|---|--|--------------------------------|---|--------------------------------|
|   | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) | Year Ended<br>July 31,<br>2016 | Six Months Ended<br>January 31,<br>2017<br>(Unaudited)        | Year Ended<br>July 31,<br>2016 |
| <b>Operations</b>   |  |                                |   |                                |
| Net investment income   | \$ 14,230,401  | \$ 31,611,962                  | \$ 11,797,955   | \$ 25,372,694                  |
| Net realized gain (loss)  | 1,742,332  | 1,171,517                      | 2,569,175   | (584,863)                      |
| Net change in unrealized appreciation (depreciation)  | (52,005,107)   | 30,181,072                     | (44,795,188)  | 29,655,061                     |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (36,032,374)   | 62,964,551                     | (30,428,058)  | 54,442,892                     |
| <b>Distributions to Common Shareholders<sup>1</sup></b>   |  |                                |   |                                |
| From net investment income  | (15,129,916)   | (32,734,127)                   | (12,265,507)  | (26,330,988)                   |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |                                |   |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (51,162,290)   | 30,230,424                     | (42,693,565)  | 28,111,904                     |
| Beginning of period   | 677,127,729  | 646,897,305                    | 499,058,294   | 470,946,390                    |
| End of period   | \$ 625,965,439   | \$ 677,127,729                 | \$ 456,364,729  | \$ 499,058,294                 |
| Undistributed net investment income, end of period  | \$ 4,108,265   | \$ 5,007,780                   | \$ 4,262,978  | \$ 4,730,530                   |

<sup>1</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

## Statements of Changes in Net Assets

|   | BlackRock MuniYield Investment<br>Quality Fund (MFT)   |                                | BlackRock MuniYield Michigan<br>Quality Fund, Inc. (MIY) |                                |
|---|--|--------------------------------|--|--------------------------------|
|   | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) | Year Ended<br>July 31,<br>2016 | Six Months Ended<br>January 31,<br>2017<br>(Unaudited)   | Year Ended<br>July 31,<br>2016 |
| <b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>                       |  |                                |  |                                |
| <b>Operations</b>   |  |                                |  |                                |
| Net investment income   | \$ 3,340,601   | \$ 7,023,158                   | \$ 11,151,884  | \$ 22,416,196                  |
| Net realized gain (loss)  | 277,892  | (38,686)                       | 2,638,139  | 2,417,391                      |
| Net change in unrealized appreciation (depreciation)  | (10,124,103)   | 5,278,415                      | (38,924,714)   | 25,732,406                     |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (6,505,610)  | 12,262,887                     | (25,134,691)   | 50,565,993                     |
| <b>Distributions to Common Shareholders<sup>1</sup></b>   |  |                                |  |                                |
| From net investment income  | (3,609,988)  | (7,219,153)                    | (11,398,784)   | (22,410,047)                   |
| <b>Capital Share Transactions</b>   |  |                                |  |                                |
| Reinvestment of common distributions  | 14,770   |                                |  |                                |
| Net proceeds from the issuance of common shares due to reorganization                             |  |                                |  | 173,278,358                    |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |                                |  |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (10,100,828)   | 5,043,734                      | (36,533,475)   | 201,434,304                    |
| Beginning of period   | 131,739,370  | 126,695,636                    | 483,968,458  | 282,534,154                    |
| End of period   | \$ 121,638,542   | \$ 131,739,370                 | \$ 447,434,983   | \$ 483,968,458                 |
| Undistributed net investment income, end of period  | \$ 1,415,550   | \$ 1,684,937                   | \$ 1,478,550   | \$ 1,725,450                   |

|   | BlackRock MuniYield Pennsylvania<br>Quality Fund (MPA) |                                |
|---|--|--------------------------------|
|   | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) | Year Ended<br>July 31,<br>2016 |
| <b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>                       |  |                                |
| <b>Operations</b>   |  |                                |
| Net investment income   | \$ 5,085,249   | \$ 10,740,639                  |
| Net realized gain   | 1,106,013  | 60,829                         |
| Net change in unrealized appreciation (depreciation)  | (20,639,933)   | 13,470,414                     |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (14,448,671)   | 24,271,882                     |
| <b>Distributions to Common Shareholders<sup>1</sup></b>   |  |                                |
| From net investment income  | (4,991,114)  | (11,082,463)                   |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |                                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (19,439,785)   | 13,189,419                     |
| Beginning of period   | 223,737,985  | 210,548,566                    |
| End of period   | \$ 204,298,200   | \$ 223,737,985                 |



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|  |    |         |    |         |
|--|----|---------|----|---------|
| Undistributed net investment income, end of period | \$ | 695,952 | \$ | 601,817 |
|--|----|---------|----|---------|

<sup>1</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

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## Statements of Cash Flows

|  | BlackRock<br>MuniHoldings<br>California<br>Quality<br>Fund, Inc.<br>(MUC) | BlackRock<br>MuniHoldings<br>New Jersey<br>Quality<br>Fund, Inc.<br>(MUJ) | BlackRock<br>MuniYield<br>Investment<br>Quality<br>Fund<br>(MFT) | BlackRock<br>MuniYield<br>Michigan<br>Quality<br>Fund, Inc.<br>(MIY) | BlackRock<br>MuniYield<br>Pennsylvania<br>Quality<br>Fund<br>(MPA) |
|--|---|---|--|--|--|
| <b>Six Months Ended January 31, 2017 (Unaudited)</b>   |   |   |  |  |  |
| <b>Cash Provided by (Used for) Operating Activities</b>  |   |   |  |  |  |
| Net decrease in net assets resulting from operations   | \$ (36,032,374)   | \$ (30,428,058)   | \$ (6,505,610)   | \$ (25,134,691)  | \$ (14,448,671)  |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by (used for) operating activities: |   |   |  |  |  |
| Proceeds from sales of long-term investments   | 53,702,872  | 24,839,037  | 45,139,057   | 45,217,131   | 25,714,067   |
| Purchases of long-term investments   | (66,414,812)  | (40,537,551)  | (47,524,164)   | (54,631,284)   | (27,355,022)   |
| Net proceeds from sales (purchases) of short-term securities   |   | 13,928,749  | (1,091,554)  | (628,916)  | (1,935,374)  |
| Amortization of premium and accretion of discount on investments and other fees  | 3,762,852   | 140,346   | 425,253  | 1,557,260  | 306,258  |
| Net realized gain (loss) on investments  | 1,008,552   | (303,647)   | 247,388  | (152,499)  | (33,595)   |
| Net unrealized loss on investments   | 51,946,935  | 45,056,844  | 10,109,008   | 39,180,417   | 20,606,423   |
| <b>(Increase) Decrease in Assets:</b>  |   |   |  |  |  |
| Cash pledged for futures contracts   | (910,000)   | (737,000)   | (145,000)  | (952,000)  | (334,000)  |
| Receivables:   |   |   |  |  |  |
| Interest unaffiliated  | 41,131  | (94,663)  | 30,950   | (90,670)   | (20,447)   |
| Dividends affiliated   | 797   | 3,083   | 99   | 535  | 163  |
| Prepaid expenses   | 15,261  | 16,492  | 21,895   | 16,647   | 20,173   |
| <b>Increase (Decrease) in Liabilities:</b>   |   |   |  |  |  |
| Payables:  |   |   |  |  |  |
| Investment advisory fees   | (36,751)  | (16,120)  | (2,233)  | (11,576)   | (6,437)  |
| Interest expense and fees  | 199,270   | 30,271  | 19,059   | 56,886   | 50,645   |
| Officers and Directors fees  | 10,288  | (5,035)   | (1,274)  | (4,614)  | (1,578)  |
| Variation margin on futures contracts  | 58,578  | 18,436  | 6,602  | 64,998   | 20,414   |
| Other accrued expenses   | 46,700  | 59,759  | 24,815   | 120,793  | 19,748   |
| Net cash provided by (used for) operating activities   | 7,399,299   | 11,970,943  | 754,291  | 4,608,417  | 2,602,767  |
| <b>Cash Provided by (Used for) Financing Activities</b>  |   |   |  |  |  |
| Proceeds from TOB Trust Certificates   | 25,048,123  |   | 4,975,304  | 23,786,827   | 4,947,945  |
| Repayments of TOB Trust Certificates   | (21,992,591)  |   | (2,212,873)  | (17,951,663)   | (2,700,053)  |
| Proceeds from Loan for TOB Trust Certificates  | 5,405,131   |   |  | 17,951,663   |  |
| Repayments of Loan for TOB Trust Certificates  | (5,405,131)   |   |  | (17,291,828)   |  |
| Cash dividends paid to Common Shareholders   | (15,129,916)  | (12,265,507)  | (3,595,150)  | (11,398,784)   | (4,991,115)  |
| Increase in bank overdraft   | 4,675,085   | 283,202   | 77,924   | 289,526  | 94,069   |
| Amortization of deferred offering costs  |   | 9,596   |  | 4,831  | 5,611  |
| Net cash used for financing activities   | (7,399,299)   | (11,972,709)  | (754,795)  | (4,609,428)  | (2,643,543)  |
| <b>Cash</b>  |   |   |  |  |  |
| Net increase (decrease) in cash  |   | (1,766)   | (504)  | (1,011)  | (40,776)   |
| Cash at beginning of period  |   | 1,766   | 504  | 1,011  | 40,776   |
| Cash at end of period  |   |   |  |  |  |
| <b>Supplemental Disclosure of Cash Flow Information</b>  |   |   |  |  |  |
| Cash paid during the period for interest expense   | \$ 2,957,427  | \$ 2,174,817  | \$ 611,757   | \$ 2,128,542   | \$ 924,492   |
| <b>Non-Cash Financing Activities</b>   |   |   |  |  |  |
| Capital shares issued in reinvestment of distributions paid to Common Shareholders   |   |   | 14,770   |  |  |

See Notes to Financial Statements.

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## Financial Highlights

BlackRock MuniHoldings California Quality Fund, Inc.  
(MUC)

|  | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) |            | Year Ended July 31, |            |            |                      |
|--|--|------------|---------------------|------------|------------|----------------------|
|  | 2016   | 2015       | 2014                | 2013       | 2012       |                      |
| <b>Per Share Operating Performance</b>   |  |            |                     |            |            |                      |
| Net asset value, beginning of period   | \$ 16.51   | \$ 15.78   | \$ 15.82            | \$ 14.52   | \$ 16.41   | \$ 14.27             |
| Net investment income <sup>1</sup>   | 0.35   | 0.77       | 0.78                | 0.82       | 0.86       | 0.95                 |
| Net realized and unrealized gain (loss)  | (1.22)   | 0.76       | (0.00) <sup>2</sup> | 1.34       | (1.82)     | 2.13                 |
| Distributions to AMPS Shareholders from net investment income  |  |            |                     |            |            | (0.01)               |
| Net increase (decrease) from investment operations   | (0.87)   | 1.53       | 0.78                | 2.16       | (0.96)     | 3.07                 |
| Distributions to Common Shareholders from net investment income <sup>3</sup>   | (0.37)   | (0.80)     | (0.82)              | (0.86)     | (0.93)     | (0.93)               |
| Net asset value, end of period   | \$ 15.27   | \$ 16.51   | \$ 15.78            | \$ 15.82   | \$ 14.52   | \$ 16.41             |
| Market price, end of period  | \$ 14.40   | \$ 16.28   | \$ 14.28            | \$ 14.04   | \$ 13.31   | \$ 16.36             |
| <b>Total Return Applicable to Common Shareholders<sup>4</sup></b>  |  |            |                     |            |            |                      |
| Based on net asset value   | (5.20)% <sup>5</sup>                                   | 10.20%     | 5.52%               | 15.94%     | (6.16)%    | 22.26%               |
| Based on market price  | (9.34)% <sup>5</sup>                                   | 20.08%     | 7.60%               | 12.25%     | (13.71)%   | 32.27%               |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |  |            |                     |            |            |                      |
| Total expenses   | 1.97% <sup>7</sup>                                     | 1.60%      | 1.47%               | 1.57%      | 1.64%      | 1.48% <sup>6</sup>   |
| Total expenses after fees waived and/or paid indirectly  | 1.90% <sup>7</sup>                                     | 1.55%      | 1.45%               | 1.51%      | 1.56%      | 1.39% <sup>6</sup>   |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>8</sup> | 0.93% <sup>7</sup>                                     | 0.93%      | 0.93%               | 0.93%      | 0.92%      | 1.01% <sup>6,9</sup> |
| Net investment income  | 4.35% <sup>7</sup>                                     | 4.79%      | 4.88%               | 5.44%      | 5.27%      | 6.14% <sup>6</sup>   |
| Distributions to AMPS Shareholders   |  |            |                     |            |            | 0.06%                |
| Net investment income to Common Shareholders   | 4.35% <sup>7</sup>                                     | 4.79%      | 4.88%               | 5.44%      | 5.27%      | 6.08%                |
| <b>Supplemental Data</b>   |  |            |                     |            |            |                      |
| Net assets applicable to Common Shareholders, end of period (000)  | \$ 625,965   | \$ 677,128 | \$ 646,897          | \$ 648,837 | \$ 595,269 | \$ 671,077           |
| VMTP Shares outstanding at \$100,000 liquidation value, end of period (000)  | \$ 254,000   | \$ 254,000 | \$ 254,000          | \$ 254,000 | \$ 254,000 | \$ 254,000           |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period   | \$ 346,443   | \$ 366,586 | \$ 354,684          | \$ 355,448 | \$ 334,358 | \$ 364,204           |
| Borrowings outstanding, end of period (000)  | \$ 179,415   | \$ 169,699 | \$ 161,571          | \$ 88,271  | \$ 172,316 | \$ 185,775           |
| Portfolio turnover rate  | 5%   | 21%        | 25%                 | 25%        | 34%        | 46%                  |

- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is greater than \$(0.005) per share.
- <sup>3</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>4</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>5</sup> Aggregate total return.
- <sup>6</sup> Does not reflect the effect of distributions to AMPS Shareholders.
- <sup>7</sup> Annualized.
- <sup>8</sup> Interest expense, fees and amortization of offering costs related to TOBs and/or VMTP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- <sup>9</sup> For the year ended July 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.97%.

See Notes to Financial Statements.

## Financial Highlights

BlackRock MuniHoldings New Jersey Quality Fund, Inc.  
(MUJ)

|  | Six Months Ended                   |                    | Year Ended July 31,  |                    |                    |                    |
|--|------------------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
|  | January 31,<br>2017<br>(Unaudited) | 2016               | 2015                 | 2014               | 2013               | 2012               |
| <b>Per Share Operating Performance</b>   |                                    |                    |                      |                    |                    |                    |
| Net asset value, beginning of period   | \$ 16.55                           | \$ 15.62           | \$ 15.74             | \$ 14.51           | \$ 16.54           | \$ 14.73           |
| Net investment income <sup>1</sup>   | 0.39                               | 0.84               | 0.84                 | 0.86               | 0.86               | 0.83               |
| Net realized and unrealized gain (loss)  | (1.40)                             | 0.96               | (0.07)               | 1.27               | (2.00)             | 1.87               |
| Net increase (decrease) from investment operations   | (1.01)                             | 1.80               | 0.77                 | 2.13               | (1.14)             | 2.70               |
| Distributions to Common Shareholders: <sup>2</sup>   |                                    |                    |                      |                    |                    |                    |
| From net investment income   | (0.41)                             | (0.87)             | (0.89)               | (0.89)             | (0.89)             | (0.89)             |
| From net realized gain   |                                    |                    |                      | (0.01)             |                    |                    |
| Total distributions  | (0.41)                             | (0.87)             | (0.89)               | (0.90)             | (0.89)             | (0.89)             |
| Net asset value, end of period   | \$ 15.13                           | \$ 16.55           | \$ 15.62             | \$ 15.74           | \$ 14.51           | \$ 16.54           |
| Market price, end of period  | \$ 14.20                           | \$ 16.12           | \$ 13.55             | \$ 14.11           | \$ 13.30           | \$ 16.05           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>  |                                    |                    |                      |                    |                    |                    |
| Based on net asset value   | (6.03)% <sup>4</sup>               | 12.39%             | 5.59%                | 15.79%             | (7.19)%            | 18.96%             |
| Based on market price  | (9.46)% <sup>4</sup>               | 26.20%             | 2.18%                | 13.24%             | (12.33)%           | 23.76%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |                                    |                    |                      |                    |                    |                    |
| Total expenses   | 1.83% <sup>5</sup>                 | 1.52%              | 1.62% <sup>6</sup>   | 1.64%              | 1.61%              | 1.81%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly  | 1.82% <sup>5</sup>                 | 1.52%              | 1.57% <sup>6</sup>   | 1.57%              | 1.58%              | 1.78%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>7</sup> | 0.91% <sup>5,8</sup>               | 0.90% <sup>8</sup> | 1.02% <sup>6,8</sup> | 1.25% <sup>8</sup> | 1.33% <sup>8</sup> | 1.43% <sup>8</sup> |
| Net investment income to Common Shareholders   | 4.90% <sup>5</sup>                 | 5.27%              | 5.27%                | 5.78%              | 5.28%              | 5.28%              |
| <b>Supplemental Data</b>   |                                    |                    |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of period (000)  | \$ 456,365                         | \$ 499,058         | \$ 470,946           | \$ 335,425         | \$ 309,165         | \$ 351,837         |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)  | \$ 237,100                         | \$ 237,100         | \$ 237,100           | \$ 172,700         | \$ 172,700         | \$ 172,700         |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period   | \$ 292,478                         | \$ 310,484         | \$ 298,628           | \$ 294,224         | \$ 279,019         | \$ 303,727         |
| Borrowings outstanding, end of period (000)  | \$ 55,089                          | \$ 55,089          | \$ 52,744            | \$ 34,699          | \$ 38,231          | \$ 29,719          |
| Portfolio turnover rate  | 3%                                 | 9%                 | 10%                  | 16%                | 10%                | 17%                |

- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>4</sup> Aggregate total return.
- <sup>5</sup> Annualized.
- <sup>6</sup> Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses, total expenses after fees waived and/or reimbursed and/or paid indirectly and total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs would have been 1.52%, 1.50% and 0.95%, respectively.
- <sup>7</sup> Interest expense, fees and amortization of offering costs related to TOB Trusts and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- <sup>8</sup> For the six months ended January 31, 2017 and the years ended July 31, 2016, July 31, 2015, July 31, 2014, July 31, 2013 and July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.90%, 0.89%, 1.01%, 0.95%, 0.93% and 1.01%, respectively.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock MuniYield Investment Quality Fund (MFT)

|  | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) |            | Year Ended July 31, |            |            |                      |  |
|--|--|------------|---------------------|------------|------------|----------------------|--|
|  |  | 2016       | 2015                | 2014       | 2013       | 2012                 |  |
| <b>Per Share Operating Performance</b>   |  |            |                     |            |            |                      |  |
| Net asset value, beginning of period   | \$ 15.55   | \$ 14.95   | \$ 14.83            | \$ 13.61   | \$ 15.73   | \$ 13.40             |  |
| Net investment income <sup>1</sup>   | 0.39   | 0.83       | 0.84                | 0.85       | 0.84       | 0.87                 |  |
| Net realized and unrealized gain (loss)  | (1.16)   | 0.62       | 0.13                | 1.22       | (2.11)     | 2.32                 |  |
| Distributions to AMPS Shareholders from net investment income  |  |            |                     |            |            | (0.01)               |  |
| Net increase (decrease) from investment operations   | (0.77)   | 1.45       | 0.97                | 2.07       | (1.27)     | 3.18                 |  |
| Distributions to Common Shareholders from net investment income <sup>2</sup>   | (0.43)   | (0.85)     | (0.85)              | (0.85)     | (0.85)     | (0.85)               |  |
| Net asset value, end of period   | \$ 14.35   | \$ 15.55   | \$ 14.95            | \$ 14.83   | \$ 13.61   | \$ 15.73             |  |
| Market price, end of period  | \$ 14.41   | \$ 16.09   | \$ 13.37            | \$ 13.26   | \$ 12.20   | \$ 15.47             |  |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>  |  |            |                     |            |            |                      |  |
| Based on net asset value   | (4.97)% <sup>4</sup>                                   | 10.31%     | 7.25%               | 16.40%     | (8.41)%    | 24.51%               |  |
| Based on market price  | (7.78)% <sup>4</sup>                                   | 27.63%     | 7.27%               | 16.10%     | (16.52)%   | 32.43%               |  |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |  |            |                     |            |            |                      |  |
| Total expenses   | 2.00% <sup>6</sup>                                     | 1.61%      | 1.56%               | 1.67%      | 1.72%      | 1.58% <sup>5</sup>   |  |
| Total expenses after fees waived and/or paid indirectly  | 2.00% <sup>6</sup>                                     | 1.61%      | 1.56%               | 1.67%      | 1.72%      | 1.58% <sup>5</sup>   |  |
| Total expenses after fees waived and/or paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>7</sup> | 1.00% <sup>6</sup>                                     | 0.96%      | 0.98%               | 1.00%      | 1.00%      | 1.08% <sup>5,8</sup> |  |
| Net investment income  | 5.25% <sup>6</sup>                                     | 5.45%      | 5.52%               | 6.04%      | 5.36%      | 5.94% <sup>5</sup>   |  |
| Distributions to AMPS Shareholders   |  |            |                     |            |            | 0.08%                |  |
| Net investment income to Common Shareholders   | 5.25% <sup>6</sup>                                     | 5.45%      | 5.52%               | 6.04%      | 5.36%      | 5.86%                |  |
| <b>Supplemental Data</b>   |  |            |                     |            |            |                      |  |
| Net assets applicable to Common Shareholders, end of period (000)  | \$ 121,639   | \$ 131,739 | \$ 126,696          | \$ 125,647 | \$ 115,287 | \$ 133,160           |  |
| VMTP Shares outstanding at \$100,000 liquidation value, end of period (000)  | \$ 56,500  | \$ 56,500  | \$ 56,500           | \$ 56,500  | \$ 56,500  | \$ 56,500            |  |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period   | \$ 315,289   | \$ 333,167 | \$ 324,240          | \$ 322,384 | \$ 304,049 | \$ 335,681           |  |
| Borrowings outstanding, end of period (000)  | \$ 25,821  | \$ 21,953  | \$ 19,488           | \$ 20,284  | \$ 28,192  | \$ 34,106            |  |
| Portfolio turnover rate  | 20%  | 21%        | 13%                 | 32%        | 51%        | 43%                  |  |



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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>4</sup> Aggregate total return.
- <sup>5</sup> Does not reflect the effect of distributions to AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs related to TOBs and/or VMTP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- <sup>8</sup> For the year ended July 31, 2012, the total expense ratio after fees waived and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 1.05%.

See Notes to Financial Statements.

## Financial Highlights

BlackRock MuniYield Michigan Quality Fund, Inc.  
(MIY)

|  | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) |                    | Year Ended July 31, |            |            |                    |
|--|--|--------------------|---------------------|------------|------------|--------------------|
|  | 2016   | 2015               | 2014                | 2013       | 2012       |                    |
| <b>Per Share Operating Performance</b>   |  |                    |                     |            |            |                    |
| Net asset value, beginning of period   | \$ 16.36   | \$ 15.48           | \$ 15.24            | \$ 14.16   | \$ 16.18   | \$ 14.63           |
| Net investment income <sup>1</sup>   | 0.38   | 0.79               | 0.83                | 0.86       | 0.90       | 0.87               |
| Net realized and unrealized gain (loss)  | (1.22)   | 0.92               | 0.27                | 1.12       | (2.00)     | 1.61               |
| Net increase (decrease) from investment operations   | (0.84)   | 1.71               | 1.10                | 1.98       | (1.10)     | 2.48               |
| Distributions to Common Shareholders from net investment income <sup>2</sup>   | (0.39)   | (0.83)             | (0.86)              | (0.90)     | (0.92)     | (0.93)             |
| Net asset value, end of period   | \$ 15.13   | \$ 16.36           | \$ 15.48            | \$ 15.24   | \$ 14.16   | \$ 16.18           |
| Market price, end of period  | \$ 13.70   | \$ 15.38           | \$ 13.22            | \$ 13.47   | \$ 12.57   | \$ 16.05           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>  |  |                    |                     |            |            |                    |
| Based on net asset value   | (4.98)% <sup>4</sup>                                   | 11.99%             | 8.08%               | 15.24%     | (7.09)%    | 17.60%             |
| Based on market price  | (8.48)% <sup>4</sup>                                   | 23.28%             | 4.43%               | 14.74%     | (16.86)%   | 27.46%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |  |                    |                     |            |            |                    |
| Total expenses   | 1.82% <sup>5</sup>                                     | 1.54% <sup>6</sup> | 1.52% <sup>7</sup>  | 1.54%      | 1.50%      | 1.72%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly  | 1.82% <sup>5</sup>                                     | 1.54% <sup>6</sup> | 1.48% <sup>7</sup>  | 1.54%      | 1.50%      | 1.72%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>8</sup> | 0.89% <sup>5</sup>                                     | 0.93% <sup>6</sup> | 0.93% <sup>7</sup>  | 0.93%      | 0.89%      | 1.38% <sup>9</sup> |
| Net investment income to Common Shareholders   | 4.77% <sup>5</sup>                                     | 5.02%              | 5.30%               | 5.94%      | 5.62%      | 5.65%              |
| <b>Supplemental Data</b>   |  |                    |                     |            |            |                    |
| Net assets applicable to Common Shareholders, end of period (000)  | \$ 447,435   | \$ 483,968         | \$ 282,534          | \$ 278,143 | \$ 258,341 | \$ 294,804         |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)  | \$ 231,900   | \$ 231,900         | \$ 144,600          | \$ 144,600 | \$ 144,600 | \$ 144,600         |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period   | \$ 292,943   | \$ 308,697         | \$ 295,390          | \$ 292,354 | \$ 278,659 | \$ 303,876         |
| Borrowings outstanding, end of period (000)  | \$ 57,722  | \$ 51,227          | \$ 23,487           | \$ 23,487  | \$ 34,876  | \$ 29,568          |
| Portfolio turnover rate  | 6%   | 19%                | 19%                 | 16%        | 17%        | 19%                |

<sup>1</sup> Based on average Common Shares outstanding.

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- <sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>4</sup> Aggregate total return.
- <sup>5</sup> Annualized.
- <sup>6</sup> Includes reorganization costs associated with the Fund's reorganization. Without these costs total expenses, total expenses after fees waived and/or reimbursed and/or paid indirectly and total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs would have been 1.49%, 1.49% and 0.88%, respectively.
- <sup>7</sup> Includes reorganization costs associated with the Fund's reorganization. Without these costs total expenses, total expenses after fees waived and/or reimbursed and/or paid indirectly and total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs would have been 1.48%, 1.48% and 0.92%, respectively.
- <sup>8</sup> Interest expense, fees and amortization of offering costs related to TOBs and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- <sup>9</sup> For the year ended July 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.98%.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock MuniYield Pennsylvania Quality Fund (MPA)

|  | Six Months Ended<br>January 31,<br>2017<br>(Unaudited) |            | Year Ended July 31, |            |            |                    |
|--|--|------------|---------------------|------------|------------|--------------------|
|  | 2016   | 2015       | 2014                | 2013       | 2012       |                    |
| <b>Per Share Operating Performance</b>   |  |            |                     |            |            |                    |
| Net asset value, beginning of period   | \$ 16.76   | \$ 15.77   | \$ 15.77            | \$ 14.59   | \$ 16.57   | \$ 14.97           |
| Net investment income <sup>1</sup>   | 0.38   | 0.80       | 0.81                | 0.87       | 0.90       | 0.85               |
| Net realized and unrealized gain (loss)  | (1.47)   | 1.02       | 0.07                | 1.20       | (1.99)     | 1.66               |
| Net increase (decrease) from investment operations   | (1.09)   | 1.82       | 0.88                | 2.07       | (1.09)     | 2.51               |
| Distributions to Common Shareholders from net investment income <sup>2</sup>   | (0.37)   | (0.83)     | (0.88)              | (0.89)     | (0.89)     | (0.91)             |
| Net asset value, end of period   | \$ 15.30   | \$ 16.76   | \$ 15.77            | \$ 15.77   | \$ 14.59   | \$ 16.57           |
| Market price, end of period  | \$ 14.45   | \$ 16.07   | \$ 13.50            | \$ 13.89   | \$ 13.07   | \$ 15.98           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>  |  |            |                     |            |            |                    |
| Based on net asset value   | (6.41)% <sup>4</sup>                                   | 12.38%     | 6.33%               | 15.39%     | (6.78)%    | 17.34%             |
| Based on market price  | (7.82)% <sup>4</sup>                                   | 25.87%     | 3.34%               | 13.45%     | (13.42)%   | 21.53%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |  |            |                     |            |            |                    |
| Total expenses   | 1.85% <sup>5</sup>                                     | 1.46%      | 1.54% <sup>6</sup>  | 1.48%      | 1.53%      | 1.65%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly  | 1.84% <sup>5</sup>                                     | 1.46%      | 1.45% <sup>6</sup>  | 1.48%      | 1.53%      | 1.65%              |
| Total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>7</sup> | 0.94% <sup>5</sup>                                     | 0.89%      | 0.96% <sup>6</sup>  | 0.95%      | 0.94%      | 1.28% <sup>8</sup> |
| Net investment income to Common Shareholders   | 4.73% <sup>5</sup>                                     | 4.98%      | 5.05%               | 5.79%      | 5.46%      | 5.38%              |
| <b>Supplemental Data</b>   |  |            |                     |            |            |                    |
| Net assets applicable to Common Shareholders, end of period (000)  | \$ 204,298   | \$ 223,738 | \$ 210,549          | \$ 181,459 | \$ 167,857 | \$ 190,562         |
| VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)  | \$ 82,600  | \$ 82,600  | \$ 82,600           | \$ 66,300  | \$ 66,300  | \$ 66,300          |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period   | \$ 347,334   | \$ 370,869 | \$ 354,901          | \$ 373,693 | \$ 353,178 | \$ 387,425         |
| Borrowings outstanding, end of period (000)  | \$ 52,083  | \$ 48,710  | \$ 28,468           | \$ 37,066  | \$ 53,010  | \$ 50,860          |
| Portfolio turnover rate  | 4%   | 17%        | 21%                 | 16%        | 8%         | 23%                |

<sup>1</sup> Based on average Common Shares outstanding.

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- <sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>4</sup> Aggregate total return.
- <sup>5</sup> Annualized.
- <sup>6</sup> Includes reorganization costs associated with the Fund's reorganization. Without these costs total expenses, total expenses after fees waived and/or reimbursed, and total expenses after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees and amortization of offering costs would have been 1.40%, 1.40% and 0.91%, respectively.
- <sup>7</sup> Interest expense, fees and amortization of offering costs related to TOBs and/or VRDP Shares. See Note 4 and Note 10 of the Notes to Financial Statements for details.
- <sup>8</sup> For the year ended July 31, 2012, the total expense ratio after fees waived and/or reimbursed and/or paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.99%.

See Notes to Financial Statements.

## Notes to Financial Statements (Unaudited)

**1. Organization:**

The following are registered under the Investment Company Act of 1940, as amended (the 1940 Act), as closed-end management investment companies and are referred to herein collectively as the Funds, or individually, a Fund:

| Fund Name  | Herein Referred To As | Organized     | Diversification Classification |
|--|-----------------------|---------------|--------------------------------|
| BlackRock MuniHoldings California Quality Fund, Inc. | MUC                   | Maryland      | Non-diversified                |
| BlackRock MuniHoldings New Jersey Quality Fund, Inc. | MUJ                   | Maryland      | Non-diversified                |
| BlackRock MuniYield Investment Quality Fund, Inc.    | MFT                   | Massachusetts | Non-diversified                |
| BlackRock MuniYield Michigan Quality Fund, Inc.      | MIY                   | Maryland      | Non-diversified                |
| BlackRock MuniYield Pennsylvania Quality Fund, Inc.  | MPA                   | Massachusetts | Non-diversified                |

The Boards of Directors of the Funds are collectively referred to throughout this report as the Board of Directors or the Board, and the directors thereof are collectively referred to throughout this report as Directors. The Funds determine and make available for publication the NAVs of their Common Shares on a daily basis.

The Funds, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, are included in a complex of closed-end funds referred to as the Closed-End Complex.

Reorganization: The Board and shareholders of MIY and the Board and shareholders of BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM) approved the reorganizations of MYM into MIY. As a result, MIY acquired substantially all of the assets and assumed substantially all of the liabilities of MYM in exchange for an equal aggregate value of newly-issued Common Shares and Preferred Shares of MIY.

Each MYM Common Shareholder received Common Shares of MIY in an amount equal to the aggregate of such Common Shareholder's MYM Common Shares, as determined at the close of business on September 11, 2015, less the costs of MYM's reorganization. Cash was distributed for any fractional Common Shares.

Each MYM VRDP Shareholder received on a one-for-one basis one newly issued VRDP Share of MIY, par value \$0.10 per share and with a liquidation preference of \$100,000 per share, in exchange for each MYM VRDP Share held by such MYM VRDP Shareholder.

The reorganizations were accomplished by a tax-free exchange of Common Shares and VRDP Shares of MIY in the following amounts and at the following conversion ratios:

| Target Fund       | Shares Prior to Reorganization | Conversion Ratio | Shares of MIY |
|-------------------|--------------------------------|------------------|---------------|
| MYM Common Shares | 12,098,420                     | 0.93643508       | 11,329,360    |
| MYM VRDP Shares   | 873                            | 1                | 873           |

MYM's common net assets and composition of common net assets on September 11, 2015, the valuation date of the reorganization, were as follows:

|  | MYM            |
|--|----------------|
| Net assets Applicable to Common Shares     | \$ 173,278,358 |
| Paid-in-capital                            | \$ 162,329,528 |
| Undistributed net investment income        | \$ 63,895      |
| Accumulated net realized loss              | \$ (4,955,955) |
| Net unrealized appreciation (depreciation) | \$ 15,840,890  |

For financial reporting purposes, assets received and shares issued by MIY were recorded at fair value. However, the cost basis of the investments received from MYM was carried forward to align ongoing reporting of MIY's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

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The net assets of MIY before the acquisition were \$279,109,521. The aggregate net assets of MIY immediately after the acquisition amounted to \$452,388,270. MYM's fair value and cost of investments and derivative financial instruments prior to the reorganization were as follows:

|     | <b>Fair Value of<br/>Investments and<br/>Derivative<br/>Financial<br/>Instruments</b> | <b>Cost of<br/>Investments</b> | <b>TOB Trust Certificates</b> | <b>Preferred Shares<br/>Value</b> |
|-----|---|--------------------------------|-------------------------------|-----------------------------------|
| MIY | \$ 268,842,773  | \$ 253,001,883                 | \$ 14,792,998                 | \$ 87,300,000                     |

The purpose of these transactions was to combine two funds managed by the Manager with the same or substantially similar (but not identical) investment objectives, investment policies, strategies, risks and restrictions. Each reorganization was a tax-free event and was effective on September 14, 2015.

## Notes to Financial Statements (continued)

Assuming the acquisition had been completed on August 1, 2015, the beginning of the fiscal reporting period of MIY, the pro forma results of operations for the year ended January 31, 2016, are as follows:

Net investment income/loss: \$23,313,730

Net realized and change in unrealized gain/loss on investments: \$27,369,663

Net increase/decrease in net assets applicable to Common Shareholders resulting from operations: \$50,683,393

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of MYM that have been included in MIY's Statement of Operations since September 14, 2015.

Reorganization costs incurred in connection with MYM's reorganization were expensed by MIY.

### 2. Significant Accounting Policies:

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( U.S. GAAP ), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

**Segregation and Collateralization:** In cases where a Fund enters into certain investments (e.g., futures contracts) or certain borrowings (e.g., TOB Trust transactions) that would be treated as senior securities for 1940 Act purposes, a Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Funds may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

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

**Distributions:** Distributions from net investment income are declared monthly and paid monthly. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Distributions to Preferred Shareholders are accrued and determined as described in Note 10.

**Deferred Compensation Plan:** Under the Deferred Compensation Plan (the Plan ) approved by each Fund's Board, the independent Directors ( Independent Directors ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund, if applicable. Deferred compensation liabilities are included in officer's and directors' fees payable in the Statements of Assets and Liabilities and will remain as a liability of the Funds until such amounts are distributed in accordance with the Plan.



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**Recent Accounting Standards:** In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update Restricted Cash which will require entities to include the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the beginning and ending cash balances in the Statements of Cash Flows. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Management is evaluating the impact, if any, of this guidance on the Funds presentation in the Statements of Cash Flows.

**Indemnifications:** In the normal course of business, a Fund enters into contracts that contain a variety of representations that provide general indemnification. A Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against a Fund, which cannot be predicted with any certainty.

**Other:** Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

Through May 31, 2016, the Funds had an arrangement with their custodian whereby credits were earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. Credits previously earned have been utilized until December 31, 2016. Under current arrangements effective June 1, 2016, the Funds no longer earn credits on uninvested cash, and may incur charges on uninvested cash balances and overdrafts, subject to certain conditions.

## Notes to Financial Statements (continued)

### 3. Investment Valuation and Fair Value Measurements:

**Investment Valuation Policies:** The Funds' investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board. The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

**Fair Value Inputs and Methodologies:** The following methods and inputs are used to establish the fair value of each Fund's assets and liabilities:

Municipal investments (including commitments to purchase such investments on a "when-issued" basis) are valued on the basis of prices provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments.

Investments in open-end U.S. mutual funds are valued at NAV each business day.

Futures contracts traded on exchanges are valued at their last sale price.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include Market approach, Income approach and Cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

**Level 1** — unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** — other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs)

**Level 3** — unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with each Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

#### **4. Securities and Other Investments:**

**Zero-Coupon Bonds:** Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

## Notes to Financial Statements (continued)

**Forward Commitments and When-Issued Delayed Delivery Securities:** Certain Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. A Fund may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, a Fund may be required to pay more at settlement than the security is worth. In addition, a Fund is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, a Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, a Fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

**Municipal Bonds Transferred to TOB Trusts:** The Funds leverage their assets through the use of TOB Trust transactions. The Funds transfer municipal bonds into a special purpose trust (a TOB Trust). A TOB Trust generally issues two classes of beneficial interests: short-term floating rate interests (TOB Trust Certificates), which are sold to third party investors, and residual inverse floating rate interests (TOB Residuals), which are generally issued to the participating fund that contributed the municipal bonds to the TOB Trust. The TOB Trust Certificates have interest rates that generally reset weekly and their holders have the option to tender such certificates to the TOB Trust for redemption at par and any accrued interest at each reset date. The TOB Residuals held by a Fund generally provide the Fund with the right to cause the holders of a proportional share of the TOB Trust Certificates to tender their certificates to the TOB Trust at par plus accrued interest. The Funds may withdraw a corresponding share of the municipal bonds from the TOB Trust. Other funds managed by the investment adviser may also contribute municipal bonds to a TOB Trust into which a Fund has contributed bonds. If multiple BlackRock advised funds participate in the same TOB Trust, the economic rights and obligations under the TOB Residuals will be shared among the funds ratably in proportion to their participation in the TOB Trust.

TOB Trusts are generally supported by a liquidity facility provided by a third party bank or other financial institution (the Liquidity Provider) that allows the holders of the TOB Trust Certificates to tender their certificates in exchange for payment of par plus accrued interest on any business day. The tendered TOB Trust Certificates may be purchased by the Liquidity Provider and are usually remarketed by a Remarketing Agent, which is typically an affiliated entity of the Liquidity Provider. The Remarketing Agent may also purchase the tendered TOB Trust Certificates for its own account in the event of a failed remarketing.

The TOB Trust may be collapsed without the consent of a Fund, upon the occurrence of tender option termination events (TOTEs) or mandatory termination events (MTEs), as defined in the TOB Trust agreements. TOTEs include the bankruptcy or default of the issuer of the municipal bonds held in the TOB Trust, a substantial downgrade in the credit quality of the issuer of the municipal bonds held in the TOB Trust, failure of any scheduled payment of principal or interest on the municipal bonds, and/or a judgment or ruling that interest on the municipal bond is subject to federal income taxation. MTEs may include, among other things, a failed remarketing of the TOB Trust Certificates, the inability of the TOB Trust to obtain renewal of the liquidity support agreement and a substantial decline in the market value of the municipal bonds held in the TOB Trust. Upon the occurrence of a TOTE or an MTE, the TOB Trust would be liquidated with the proceeds applied first to any accrued fees owed to the trustee of the TOB Trust, the Remarketing Agent and the Liquidity Provider. In the case of an MTE, after the payment of fees, the TOB Trust Certificates holders would be paid before the TOB Residuals holders (i.e., the Funds). In contrast, in the case of a TOTE, after payment of fees, the TOB Trust Certificates holders and the TOB Residuals holders would be paid pro rata in proportion to the respective face values of their certificates. During the six months ended January 31, 2017, no TOB Trusts in which a Fund participated were terminated without the consent of a Fund.

While a Fund's investment policies and restrictions expressly permit investments in inverse floating rate securities, such as TOB Residuals, they generally restrict the ability of a Fund to borrow money for purposes of making investments. The Funds' management believes that a Fund's restrictions on borrowings do not apply to the Funds' TOB Trust transactions. Each Fund's transfer of the municipal bonds to a TOB Trust is considered a secured borrowing for financial reporting purposes. The cash received by the TOB Trust from the sale of the TOB Trust Certificates, less certain transaction expenses, is paid to a Fund. A Fund typically invests the cash received in additional municipal bonds. The municipal bonds deposited into a TOB Trust are presented in a Fund's Schedule of Investments and the TOB Trust Certificates are shown in Other Liabilities in the Statements of Assets and Liabilities. Any loans drawn by the TOB Trust pursuant to the liquidity facility to purchase tendered TOB Trust Certificates would be shown as Loan for TOB Trust Certificates.

**Volcker Rule Impact:** On December 10, 2013, regulators published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), which precludes banking entities and their affiliates from sponsoring and investing in TOB Trusts. Banking entities subject to the Volcker Rule were required to fully comply by July 21, 2015, with respect to investments in and relationships with TOB Trusts established after December 31, 2013 (Non-Legacy TOB Trusts), and by July 21, 2017, with respect to investments in and relationships with TOB Trusts established prior to December 31, 2013 (Legacy TOB Trusts).

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As a result, a new structure for TOB Trusts has been designed in which no banking entity would sponsor the TOB Trust. Specifically, a Fund establishes, structures and sponsors the TOB Trusts in which it holds TOB Residuals. In such a structure, certain responsibilities that previously belonged to a third party bank are performed by, or on behalf of, the Funds. The Funds have restructured any Non-Legacy TOB Trusts and are in the process of restructuring Legacy TOB Trusts in conformity with regulatory guidelines. Until all restructurings are completed, a Fund may, for a period of time, hold TOB Residuals in both Legacy TOB Trusts and new or restructured non-bank sponsored TOB Trusts.

## Notes to Financial Statements (continued)

Under the new TOB Trust structure, the Liquidity Provider or Remarketing Agent will no longer purchase the tendered TOB Trust Certificates even in the event of failed remarketing. This may increase the likelihood that a TOB Trust will need to be collapsed and liquidated in order to purchase the tendered TOB Trust Certificates. The TOB Trust may draw upon a loan from the Liquidity Provider to purchase the tendered TOB Trust Certificates. Any loans made by the Liquidity Provider will be secured by the purchased TOB Trust Certificates held by the TOB Trust and will be subject to an increased interest rate based on the number of days the loan is outstanding.

Accounting for TOB Trusts: The municipal bonds deposited into a TOB Trust are presented in a Fund's Schedule of Investments and the TOB Trust Certificates are shown in Other Liabilities in the Statements of Assets and Liabilities. Any loans drawn by the TOB Trust pursuant to the liquidity facility to purchase tendered TOB Trust Certificates are shown as Loan for TOB Trust Certificates. The carrying amount of a Fund's payable to the holder of the TOB Trust Certificates or liquidity provider, as reported in the Statements of Assets and Liabilities as TOB Trust Certificates or Loan for TOB Trust Certificates, approximates its fair value.

Interest income, including amortization and accretion of premiums and discounts, from the underlying municipal bonds is recorded by a Fund on an accrual basis. Interest expense incurred on the TOB Trust transaction and other expenses related to remarketing, administration, trustee, liquidity and other services to a TOB Trust are shown as interest expense, fees and amortization of offering costs in the Statements of Operations. Fees paid upon creation of the TOB Trust are recorded as debt issuance costs and are amortized to interest expense, fees and amortization of offering costs in the Statements of Operations to the expected maturity of the TOB Trust. In connection with the restructurings of the TOB Trusts to non-bank sponsored TOB Trusts, a Fund incurred non-recurring, legal and restructuring fees, which are recorded as interest expense, fees and amortization of deferred offering costs in the Statements of Operations.

For the six months ended January 31, 2017, the following table is a summary of each Fund's TOB Trusts:

|     | Underlying<br>Municipal<br>Bonds<br>Transferred to<br>TOB Trusts <sup>1</sup> | Liability for<br>TOB Trust<br>Certificates <sup>2</sup> | Range of<br>Interest Rates<br>on TOB Trust<br>Certificates at<br>Period End | Average<br>TOB<br>Trust<br>Certificates<br>Outstanding | Daily Weighted<br>Average<br>Rate of Interest<br>and<br>Other Expenses<br>on TOB Trusts |
|-----|---|---|---|--|---|
| MUC | \$ 376,902,532  | \$ 179,415,265  | 0.67% - 0.86%   | \$ 177,178,929   | 1.29%   |
| MUJ | \$ 98,365,753   | \$ 55,088,706   | 0.69% - 0.86%   | \$ 55,088,706  | 1.35%   |
| MFT | \$ 46,716,693   | \$ 25,820,715   | 0.67% - 1.01%   | \$ 24,312,679  | 1.33%   |
| MIY | \$ 111,081,733  | \$ 57,062,222   | 0.69% - 0.86%   | \$ 50,650,199  | 1.35%   |
| MPA | \$ 92,004,950   | \$ 52,082,674   | 0.69% - 0.81%   | \$ 50,566,816  | 1.29%   |

<sup>1</sup> The municipal bonds transferred to a TOB Trust are generally high grade municipal bonds. In certain cases, when municipal bonds transferred are lower grade municipal bonds, the TOB Trust transaction may include a credit enhancement feature that provides for the timely payment of principal and interest on the bonds to the TOB Trust by a credit enhancement provider in the event of default of the municipal bond. The TOB Trust would be responsible for the payment of the credit enhancement fee and the Funds, as TOB Residuals holders, would be responsible for reimbursement of any payments of principal and interest made by the credit enhancement provider. The maximum potential amounts owed by the Funds, for such reimbursements, as applicable, are included in the maximum potential amounts disclosed for recourse TOB Trusts.

<sup>2</sup> The Funds may invest in TOB Trusts that are structured on a non-recourse or recourse basis. When a Fund invests in TOB Trusts on a non-recourse basis, the Liquidity Provider may be required to make a payment under the liquidity facility. In such an event, the Liquidity Provider will typically either (i) fund the full amount owed under the liquidity facility and be subsequently reimbursed from only the proceeds of the liquidation of all or a portion of the municipal bonds held in the TOB Trust or the remarketing of the TOB Trust Certificates, or (ii) liquidate all or a portion of the municipal bonds held in the TOB Trust and then fund the balance, if any, of the amount owed under the liquidity facility over the liquidation proceeds (the "Liquidation Shortfall"). If a Fund invests in a TOB Trust on a recourse basis, a Fund will usually enter into a reimbursement agreement with the Liquidity Provider where a Fund is required to reimburse the Liquidity Provider the amount of any Liquidation Shortfall. As a result, if a Fund invests in a recourse TOB Trust, a Fund will bear the risk of loss with respect to any Liquidation Shortfall. If multiple funds participate in any such TOB Trust, these losses will be shared ratably, including the maximum potential amounts owed by a Fund at January 31, 2017, in proportion to their participation in the TOB Trust. The recourse TOB Trusts are identified in the Schedules of Investments including the maximum potential amounts owed by a Fund at January 31, 2017.

For the six months ended January 31, 2017, the following table is a summary of each Fund's Loan for TOB Trust Certificates:

|     | Loan<br>Outstanding<br>at Period End | Range of<br>Interest Rates<br>on Loans at<br>Period End | Average Loans<br>Outstanding | Daily Weighted<br>Average<br>Rate of Interest<br>and<br>Other Expenses<br>on Loans |
|-----|--------------------------------------|---|------------------------------|--|
| MUC |                                      |   | \$ 323,133                   | 0.78%  |
| MIY | \$ 659,835                           | 0.50% - 0.50%   | \$ 3,102,692                 | 0.81%  |

**5. Derivative Financial Instruments:**

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to manage their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedules of Investments. These contracts may be transacted on an exchange or over-the-counter ( OTC ).

## Notes to Financial Statements (continued)

Futures Contracts: Certain Funds invest in long and/or short positions in futures and options on futures contracts to gain exposure to, or manage exposure to changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Funds and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Funds are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract.

Securities deposited as initial margin are designated in the Schedules of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statements of Assets and Liabilities. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statements of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

#### 6. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. (BlackRock) for 1940 Act purposes.

Investment Advisory: Each Fund entered into an Investment Advisory Agreement with the Manager, the Funds' investment adviser, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of each Fund.

For such services, each Fund pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of each Fund's net assets:

|                          | MUC   | MUJ   | MFT   | MIY   | MPA   |
|--------------------------|-------|-------|-------|-------|-------|
| Investment advisory fees | 0.55% | 0.50% | 0.50% | 0.49% | 0.49% |

For purposes of calculating these fees, net assets mean the total assets of each Fund minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of preferred shares). It is understood that the liquidation preference of any outstanding preferred stock (other than accumulated dividends) and TOB Trusts is not considered a liability in determining a Fund's NAV.

Waivers: The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds (the affiliated money market fund waiver). These amounts are included in fees waived by the Manager in the Statements of Operations. For the six months ended January 31, 2017, the amounts waived were as follows:

|                | MUC      | MUJ      | MFT    | MIY      | MPA      |
|----------------|----------|----------|--------|----------|----------|
| Amounts waived | \$ 3,447 | \$ 2,573 | \$ 257 | \$ 1,750 | \$ 1,685 |

Effective September 1, 2016, the Manager voluntarily agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity or fixed-income mutual funds or affiliated exchange-traded funds that have a contractual management fee. Prior to September 1, 2016, the Manager did not waive such fees. On December 2, 2016, the Manager entered into a Master Advisory Fee Agreement (Agreement), contractually committing to this arrangement through June 30, 2017. The Agreement can be renewed for annual periods thereafter, and may be terminated on 90 days' notice, each subject to approval by a majority of the Fund's independent directors.



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The Manager, for MUC, voluntarily agreed to waive its investment advisory fee on the proceeds of the Preferred Shares and TOB Trusts that exceed 35% of total assets minus the sum of its accrued liabilities (which does not include liabilities represented by TOB Trusts and the liquidation preference of preferred shares). This amount is included in fees waived by the Manager in the Statements of Operations. For the six months ended January 31, 2017, the waiver was \$225,177.

### Officers and Directors:

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds Chief Compliance Officer, which is included in Officer and Directors in the Statements of Operations.

## Notes to Financial Statements (continued)

**7. Purchases and Sales:**

For the six months ended January 31, 2017, purchases and sales of investments, excluding short-term securities, were as follows:

|           | MUC           | MUJ           | MFT           | MIY           | MPA           |
|-----------|---------------|---------------|---------------|---------------|---------------|
| Purchases | \$ 62,045,098 | \$ 40,537,551 | \$ 45,699,741 | \$ 54,631,284 | \$ 13,567,665 |
| Sales     | \$ 57,915,559 | \$ 25,354,320 | \$ 41,843,572 | \$ 45,592,131 | \$ 22,246,091 |

**8. Income Tax Information:**

It is the Funds' policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund's U.S. federal tax returns generally remains open for each of the four years ended July 31, 2016. The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Funds as of January 31, 2017, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

As of July 31, 2016, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires July 31,                | MUC                 | MUJ                 | MFT                  | MIY                 | MPA                 |
|---------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| No expiration date <sup>1</sup> | \$ 715,648          | \$ 7,192,954        | \$ 6,705,444         | \$ 6,581,843        | \$ 2,596,823        |
| 2017                            | 6,504,940           |                     |                      | 2,031,132           | 1,653,517           |
| 2018                            |                     |                     | 4,616,682            |                     | 893,908             |
| 2019                            |                     |                     |                      |                     | 50,303              |
| <b>Total</b>                    | <b>\$ 7,220,588</b> | <b>\$ 7,192,954</b> | <b>\$ 11,322,126</b> | <b>\$ 8,612,975</b> | <b>\$ 5,194,551</b> |

<sup>1</sup> Must be utilized prior to losses subject to expiration.

As of January 31, 2017, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               | MUC            | MUJ            | MFT            | MIY            | MPA            |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Tax cost                      | \$ 820,156,648 | \$ 655,283,870 | \$ 164,649,500 | \$ 641,430,622 | \$ 271,947,598 |
| Gross unrealized appreciation | \$ 48,199,215  | \$ 40,193,385  | \$ 14,303,721  | \$ 34,625,527  | \$ 16,567,515  |
| Gross unrealized depreciation | (5,823,947)    | (6,778,630)    | (734,341)      | (3,490,126)    | (5,551,136)    |
| Net unrealized appreciation   | \$ 42,375,268  | \$ 33,414,755  | \$ 13,569,380  | \$ 31,135,401  | \$ 11,016,379  |

**9. Principal Risks:**

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

Inventories of municipal bonds held by brokers and dealers may decrease, which would lessen their ability to make a market in these securities. Such a reduction in market making capacity could potentially decrease a Fund's ability to buy or sell bonds. As a result, a Fund may sell a security at a lower price, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative impact on performance. If a Fund needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and impact performance.

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer to meet all its obligations, including the ability to pay principal and interest when due (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers of securities owned by the Funds. Changes arising from the general economy, the overall market and local, regional or global political and/or social instability, as well as currency, interest rate and price fluctuations, may also affect the securities' value.

Each Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force each Fund to reinvest in lower yielding securities. Each Fund may also be exposed to reinvestment risk, which is the risk that income from each Fund's portfolio will decline if each Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below each Fund portfolio's current earnings rate.

The Funds may hold a significant amount of bonds subject to calls by the issuers at defined dates and prices. When bonds are called by issuers and the Funds reinvest the proceeds received, such investments may be in securities with lower yields than the bonds originally held, and correspondingly, could adversely impact the yield and total return performance of a Fund.

## Notes to Financial Statements (continued)

It is possible that regulators could take positions that could limit the market for non-bank sponsored TOB Trust transactions or the Funds' ability to hold TOB Residuals. Under the new TOB Trust structure, the Funds will have certain additional duties and responsibilities, which may give rise to certain additional risks including, but not limited to, compliance, securities law and operational risks.

There can be no assurance that the Funds can successfully enter into restructured TOB Trust transactions in order to refinance their existing TOB Residuals holdings prior to the compliance date for the Volcker Rule, which may require that the Funds unwind existing TOB Trusts. There can be no assurance that alternative forms of leverage will be available to the Funds and any alternative forms of leverage may be more or less advantageous to the Funds than existing TOB leverage.

Should short-term interest rates rise, the Funds' investments in TOB Trust transactions may adversely affect the Funds' net investment income and dividends to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB Trust may adversely affect the Funds' NAVs per share.

The SEC and various federal banking and housing agencies have adopted credit risk retention rules for securitizations (the Risk Retention Rules), which take effect in December 2016. The Risk Retention Rules would require the sponsor of a TOB Trust to retain at least 5% of the credit risk of the underlying assets supporting the TOB Trust's municipal bonds. The Risk Retention Rules may adversely affect the Funds' ability to engage in TOB Trust transactions or increase the costs of such transactions in certain circumstances.

TOB Trust transactions constitute an important component of the municipal bond market. Accordingly, implementation of the Volcker Rule and Risk Retention Rules may adversely impact the municipal market, including through reduced demand for and liquidity of municipal bonds and increased financing costs for municipal issuers. Any such developments could adversely affect the Funds. The ultimate impact of these rules on the TOB Trust market and the overall municipal market is not yet certain.

**Counterparty Credit Risk:** Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Funds manage counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Funds.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Funds since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Funds.

**Concentration Risk:** MUC, MUJ, MIY and MPA invest a substantial amount of their assets in issuers located in a single state or limited number of states. This may subject each Fund to the risk that economic, political or social issues impacting a particular state or group of states could have an adverse and disproportionate impact on the income from, or the value or liquidity of, the Funds' respective portfolios. Investment percentages in specific states or U.S. territories are presented in the Schedules of Investments.

As of period end, MUC invested a significant portion of its assets in securities in the county, city, special district and school district sector, MFT invested a significant portion of its assets in securities in the transportation sector and MIY invested a significant portion of its assets in securities in the health sector. Changes in economic conditions affecting such sectors would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

The Funds invest a significant portion of their assets in fixed income securities and/or use derivatives tied to the fixed income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices

of bonds and other fixed income securities will increase as interest rates fall and decrease as interest rates rise. The Funds may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

## Notes to Financial Statements (continued)

**10. Capital Share Transactions:**

## Common Shares

MFT and MPA are authorized to issue an unlimited number of Common Shares and 1 million Preferred Shares. The par value for each Fund's Common Shares is \$0.10. The par value for each Fund's Preferred Shares outstanding is \$0.05. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without approval of Common Shareholders.

MUC, MUJ and MIY are authorized to issue 200 million shares, all of which were initially classified as Common Shares. The par value for each Fund's Common Shares is \$0.10. The par value for each Fund's Preferred Shares outstanding is \$0.10. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without approval of Common Shareholders.

For the six months ended January 31, 2017, Common Shares issued and outstanding increased by 950 for MFT. For the year ended July 31, 2016, Common Shares issued and outstanding increased by 11,329,360 due to the reorganization for MIY.

## Preferred Shares

Each Fund's Preferred Shares rank prior to the Fund's Common Shares as to the payment of dividends by the Fund and distribution of assets upon dissolution or liquidation of a Fund. The 1940 Act prohibits the declaration of any dividend on a Fund's Common Shares or the repurchase of a Fund's Common Shares if a Fund fails to maintain asset coverage of at least 200% of the liquidation preference of the Fund's outstanding Preferred Shares. In addition, pursuant to the Preferred Shares governing instruments, a Fund is restricted from declaring and paying dividends on classes of shares ranking junior to or on parity with the Fund's Preferred Shares or repurchasing such shares if a Fund fails to declare and pay dividends on the Preferred Shares, redeem any Preferred Shares required to be redeemed under the Preferred Shares governing instruments or comply with the basic maintenance amount requirement of the ratings agencies rating the Preferred Shares.

The holders of Preferred Shares have voting rights equal to the voting rights of the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class on certain matters. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors to the Board of each Fund. The holders of Preferred Shares are also entitled to elect the full Board of Directors if dividends on the Preferred Shares are not paid for a period of two years. The holders of Preferred Shares are also generally entitled to a separate class vote to amend the Preferred Share governing documents. In addition, the 1940 Act requires the approval of the holders of a majority of any outstanding Preferred Shares, voting as a separate class, to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Fund's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

## VRDP Shares

MUJ, MIY and MPA (collectively, the VRDP Funds), have issued Series W-7 VRDP Shares, \$100,000 liquidation preference per share, in privately negotiated offerings. The VRDP Shares were offered to qualified institutional buyers as defined pursuant to Rule 144A under the Securities Act of 1933, as amended, (the Securities Act). The VRDP Shares include a liquidity feature and are currently in a special rate period, each as described below.

As of the period end, the VRDP Shares outstanding of each Fund were as follows:

|     | Issue Date | Shares Issued | Aggregate Principal | Maturity Date |
|-----|------------|---------------|---------------------|---------------|
| MUJ | 6/30/11    | 1,727         | \$ 172,700,000      | 7/01/41       |
|     | 4/13/15    | 644           | \$ 64,400,000       | 7/01/41       |
| MIY | 4/21/11    | 1,446         | \$ 144,600,000      | 5/01/41       |
|     | 9/14/15    | 873           | \$ 87,300,000       | 5/01/41       |
| MPA | 5/19/11    | 663           | \$ 66,300,000       | 6/01/41       |
|     | 4/13/15    | 163           | \$ 16,300,000       | 7/01/42       |

Redemption Terms: Each VRDP Fund is required to redeem its VRDP Shares on the maturity date, unless earlier redeemed or repurchased. Six months prior to the maturity date, VRDP Fund is required to begin to segregate liquid assets with the Fund's custodian to fund the redemption. In addition, VRDP Funds are required to redeem certain of their outstanding VRDP Shares if they fail to comply with certain asset coverage, basic

maintenance amount or leverage requirements.

Subject to certain conditions, the VRDP Shares may also be redeemed, in whole or in part, at any time at the option of VRDP Funds. The redemption price per VRDP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends. In the event of an optional redemption of the VRDP Shares during the period commencing on the date of issuance and ending on the initial termination date of the fee agreement, VRDP Funds must pay the respective liquidity provider fees on such redeemed VRDP Shares for the remaining term of the fee agreement up to such initial termination date.

Liquidity Feature: The VRDP Funds entered into a fee agreement with the liquidity provider that requires an initial commitment and a per annum liquidity fee payable to the liquidity provider. These fees, if applicable, are shown as liquidity fees in the Statements of Operations.

## Notes to Financial Statements (continued)

The fee agreements between VRDP Funds and the liquidity provider are for a 364 day term and are scheduled to expire, unless renewed or terminated in advance as follows:

|                 | MUJ     | MIY     | MPA     |
|-----------------|---------|---------|---------|
| Expiration date | 4/19/17 | 7/06/17 | 7/06/17 |

In the event the fee agreement is not renewed or is terminated in advance, and the VRDP Funds do not enter into a fee agreement with an alternate liquidity provider, the VRDP Shares will be subject to mandatory purchase by the liquidity provider prior to the termination of the fee agreement. In the event of such mandatory purchase, VRDP Funds are required to redeem the VRDP Shares six months after the purchase date. Immediately after such mandatory purchase, VRDP Funds are required to begin to segregate liquid assets with their custodian to fund the redemption. There is no assurance the VRDP Funds will replace such redeemed VRDP Shares with any other preferred shares or other form of leverage.

Remarketing: The VRDP Funds may incur remarketing fees of 0.10% on the aggregate principal amount of all the Funds' VRDP Shares, which, if any, are included in remarketing fees on Preferred Shares in the Statements of Operations. During any special rate period (as described below), the VRDP Funds may incur no remarketing fees.

Dividends: Dividends on the VRDP Shares are payable monthly at a variable rate set weekly by the remarketing agent. Such dividend rates are generally based upon a spread over a base rate and cannot exceed a maximum rate. In the event of a failed remarketing, the dividend rate of the VRDP Shares will be reset to a maximum rate. The maximum rate is determined based on, among other things, the long-term preferred share rating assigned to the VRDP Shares and the length of time that the VRDP Shares fail to be remarketed. At the date of issuance, the VRDP Shares were assigned long-term ratings of Aaa from Moody's and AAA from Fitch. Subsequent to the issuance of the VRDP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of period end, the VRDP Shares were assigned a long-term rating of Aa2 from Moody's under its new ratings methodology. The VRDP Shares continue to be assigned a long-term rating of AAA from Fitch.

For the six months ended January 31, 2017, the annualized dividend rates for the VRDP Shares were as follows:

|      | MUJ   | MIY   | MPA   |
|------|-------|-------|-------|
| Rate | 1.53% | 1.54% | 1.54% |

Ratings: The short-term ratings on the VRDP Shares are directly related to the short-term ratings of the liquidity provider for such VRDP Shares. Changes in the credit quality of the liquidity provider could cause a change in the short-term credit ratings of the VRDP Shares as rated by Moody's, Fitch and/or S&P. A change in the short-term credit rating of the liquidity provider or the VRDP Shares may adversely affect the dividend rate paid on such shares, although the dividend rate paid on the VRDP Shares is not directly based upon either short-term rating. The liquidity provider may be terminated prior to the scheduled termination date if the liquidity provider fails to maintain short-term debt ratings in one of the two highest rating categories.

Special Rate Period: On June 21, 2012, MIY and MPA commenced a three year term ending June 24, 2015 (the "special rate period") with respect to their VRDP Shares, during which the VRDP Shares will not be subject to any remarketing and the dividend rate will be based on a predetermined methodology. In June 2015, the special rate period was extended to June 22, 2016. In June 2016, the special rate period was extended to June 21, 2017. On April 17, 2014, MUJ commenced a three-year term ending April 19, 2017 ("special rate period") with respect to their VRDP Shares, during which the VRDP Shares will not be subject to any remarketing and the dividend rate will be based on a predetermined methodology. The implementation of the special rate period resulted in a mandatory tender of the VRDP Shares prior to the commencement of the special rate period. The mandatory tender event was not the result of a failed remarketing. The short-term ratings on the VRDP Shares for MIY and MPA were withdrawn by Moody's, Fitch and/or S&P at the commencement of the special rate period. Prior to June 21, 2017 for MIY and MPA and April 19, 2017 for MUJ, the holder of the VRDP Shares and VRDP Funds may mutually agree to extend the special rate period. If the special rate period is not extended, the VRDP Shares will revert to remarketable securities upon the termination of the special rate period and will be remarketed and available for purchase by qualified institutional investors.

During the special rate period, the liquidity and fee agreements remain in effect and the VRDP Shares remain subject to mandatory redemption by MUJ on the maturity date. The VRDP Shares will not be remarketed or subject to optional or mandatory tender events during the special rate



period. During the special rate period, MUJ will be required to comply with the same asset coverage, basic maintenance amount and leverage requirements for the VRDP Shares as is required when the VRDP Shares are not in a special rate period. MUJ will pay a nominal fee at the annual rate of 0.01% to the liquidity provider and remarketing agent during the special rate period. MUJ will also pay dividends monthly based on the sum of the Securities Industry and Financial Markets Association ( SIFMA ) Municipal Swap Index rate and a percentage per annum based on the long-term ratings assigned to the VRDP Shares.

If VRDP Funds redeem the VRDP Shares prior to the end of the special rate period and the VRDP Shares have long-term ratings above A1/A+ and its equivalent by all ratings agencies then rating the VRDP Shares, then such redemption may be subject to a redemption premium payable to the holder of the VRDP Shares based on the time remaining in the special rate period, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

## Notes to Financial Statements (continued)

For the six months ended January 31, 2017, the VRDP Shares issued and outstanding remained constant. For the year ended July 31, 2016, the VRDP Shares issued and outstanding for MUJ and MPA remained constant, and the VRDP Shares issued and outstanding increased by 873 due to the reorganization of MIY.

## VMTP Shares

MUC and MFT (collectively, the VMTP Funds/Trusts), have issued Series W-7 VMTP Shares, \$100,000 liquidation preference per share, in privately negotiated offerings and sale of VMTP Shares exempt from registration under the Securities Act. The VMTP Shares are subject to certain restrictions on transfer, and VMTP Funds may also be required to register the VMTP Shares for sale under the Securities Act under certain circumstances. In addition, amendments to the VMTP governing documents generally require the consent of the holders of VMTP Shares.

As of period end, the VMTP Shares outstanding of each Fund were as follows:

|     | Issue Date | Shares Issued | Aggregate Principal | Term Redemption Date |
|-----|------------|---------------|---------------------|----------------------|
| MUC | 3/22/12    | 2,540         | \$ 254,000,000      | 3/30/19              |
| MFT | 12/16/11   | 565           | \$ 56,500,000       | 1/2/19               |

Redemption Terms: Each VMTP Fund is required to redeem its VMTP Shares on the term redemption date, unless earlier redeemed or repurchased or unless extended. In September 2015, the term redemption date for MUC's VMTP Shares was extended until March 30, 2019. There is no assurance that the term of a Fund's VMTP Shares will be extended further or that a Fund's VMTP Shares will be replaced with any other preferred shares or other form of leverage upon the redemption or repurchase of the VMTP Shares. Six months prior to the term redemption date, each VMTP Fund is required to begin to segregate liquid assets with the Fund's custodian to fund the redemption. In addition, each VMTP Fund is required to redeem certain of its outstanding VMTP Shares if it fails to comply with certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, a Fund's VMTP Shares may be redeemed, in whole or in part, at any time at the option of the Fund. The redemption price per VMTP Share is equal to the liquidation preference per share plus any outstanding unpaid dividends and applicable redemption premium. If the Fund redeems the VMTP Shares prior to the term redemption date and the VMTP Shares have long-term ratings above A1/A+ or its equivalent by the ratings agencies then rating the VMTP Shares, then such redemption may be subject to a prescribed redemption premium (up to 3% of the liquidation preference) payable to the holder of the VMTP Shares based on the time remaining until the term redemption date, subject to certain exceptions for redemptions that are required to comply with minimum asset coverage requirements.

Dividends: Dividends on the VMTP Shares are declared daily and payable monthly at a variable rate set weekly at a fixed rate spread to the SIFMA Municipal Swap Index. The fixed spread is determined based on the long-term preferred share rating assigned to the VMTP Shares by the ratings agencies then rating the VMTP Shares. At the date of issuance, the VMTP Shares were assigned long-term ratings of Aaa from Moody's and AAA from Fitch. Subsequent to the issuance of the VMTP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of period end, the VMTP Shares were assigned a long-term rating of Aa1 for MFT and Aa2 for MUC from Moody's under its new rating methodology. The VMTP Shares continue to be assigned a long-term rating of AAA from Fitch. The dividend rate on the VMTP Shares is subject to a step-up spread if the Funds fail to comply with certain provisions, including, among other things, the timely payment of dividends, redemptions or gross-up payments, and complying with certain asset coverage and leverage requirements.

For the six months ended January 31, 2017, the average annualized dividend rates for the VMTP Shares were as follows:

|      | MUC   | MFT   |
|------|-------|-------|
| Rate | 1.56% | 1.65% |

For the six months ended January 31, 2017, VMTP Shares issued and outstanding of each Fund remained constant.

Offering Costs: The Funds incurred costs in connection with the issuance of VRDP Shares and/or VMTP Shares, which were recorded as a direct deduction from the carrying value of the related debt liability and will be amortized over the life of the VRDP Shares with the exception

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of upfront fees paid to the liquidity provider which were amortized over the life of the liquidity agreement and VMTP Shares. Amortization of these costs is included in interest expense, fees and amortization of offering costs in the Statements of Operations.

Financial Reporting: The VRDP and VMTP Shares are considered debt of the issuer; therefore, the liquidation preference, which approximates fair value, of the VRDP and VMTP Shares is recorded as a liability in the Statements of Assets and Liabilities net of offerings costs. Unpaid dividends are included in interest expense and fees payable in the Statements of Assets and Liabilities, and the dividends accrued and paid on the VRDP and VMTP Shares are included as a component of interest expense, fees and amortization of offering costs in the Statements of Operations. The VRDP and VMTP Shares are treated as equity for tax purposes. Dividends paid to holders of the VRDP and VMTP Shares are generally classified as tax-exempt income for tax-reporting purposes.

## Notes to Financial Statements (concluded)

**11. Subsequent Events:**

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

|     | Common Dividend Per Share |                       | Preferred Shares <sup>3</sup> |        |            |
|-----|---------------------------|-----------------------|-------------------------------|--------|------------|
|     | Paid <sup>1</sup>         | Declared <sup>2</sup> | Shares                        | Series | Declared   |
| MUC | \$ 0.0615                 | \$ 0.0615             | VMTP                          | W-7    | \$ 306,505 |
| MUJ | \$ 0.0675                 | \$ 0.0675             | VRDP                          | W-7    | \$ 278,815 |
| MFT | \$ 0.0710                 | \$ 0.0670             | VMTP                          | W-7    | \$ 71,657  |
| MIY | \$ 0.0640                 | \$ 0.0640             | VRDP                          | W-7    | \$ 276,268 |
| MPA | \$ 0.0623                 | \$ 0.0623             | VRDP                          | W-7    | \$ 98,403  |

<sup>1</sup> Net investment income dividend paid on March 1, 2017 to Common Shareholders of record on February 15, 2017.

<sup>2</sup> Net investment income dividend declared on March 1, 2017, payable to Common Shareholders of record on March 15, 2017.

<sup>3</sup> Dividends declared for period February 1, 2017 to February 28, 2017.

## Officers and Directors

Richard E. Cavanagh, Chair of the Board and Director

Karen P. Robards, Vice Chair of the Board and Director

Michael J. Castellano, Director

Cynthia L. Egan, Director

Frank J. Fabozzi, Director

Jerrold B. Harris, Director

R. Glenn Hubbard, Director

W. Carl Kester, Director

Catherine A. Lynch, Director

Barbara G. Novick, Director

John M. Perlowski, Director, President and Chief Executive Officer

Jonathan Diorio, Vice President

Neal J. Andrews, Chief Financial Officer

Jay M. Fife, Treasurer

Charles Park, Chief Compliance Officer

Janey Ahn, Secretary

| <b>Investment Adviser</b>                       | <b>Accounting Agent and Custodian</b>                   | <b>VRDP Tender and Paying Agent and VMTP Redemption and Paying Agent</b> | <b>Independent Registered Public Accounting Firm</b>         | <b>Address of the Funds</b>                  |
|---|---|--|--|--|
| BlackRock Advisors, LLC<br>Wilmington, DE 19809 | State Street Bank and Trust Company<br>Boston, MA 02110 | The Bank of New York Mellon<br>New York, NY 10289                        | Deloitte & Touche LLP<br>Boston, MA 02116                    | 100 Bellevue Parkway<br>Wilmington, DE 19809 |
|   | <b>Transfer Agent</b>                                   | <b>VRDP Liquidity Providers</b>  | <b>Legal Counsel</b>   |  |
|   | Computershare Trust Company, N.A.<br>Canton, MA 02021   | Citibank, N.A. <sup>1</sup><br>New York, NY 10179                        | Skadden, Arps, Slate, Meagher & Flom LLP<br>Boston, MA 02116 |  |

Bank of America, N.A.<sup>2</sup>

New York, NY 10036

**VRDP Remarketing Agents**

Citigroup Global Markets Inc.<sup>1</sup>

New York, NY 10179

Merrill Lynch, Pierce,  
Fenner & Smith Incorporated<sup>2</sup>

New York, NY 10036

<sup>1</sup> For MIY and MPA.

<sup>2</sup> For MUJ.

## Additional Information

### Fund Certification

Certain Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

### Dividend Policy

Each Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the distributions paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

### General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Funds' investment objectives or policies or to the Funds' charters or by-laws that would delay or prevent a change of control of the Funds that were not approved by the shareholders or in the principal risk factors associated with investment in the Funds. Except as disclosed on page 68 there have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

Effective September 26, 2016, BlackRock implemented a new methodology for calculating effective duration for BlackRock's municipal bond portfolios. The new methodology replaces the model previously used by BlackRock to evaluate municipal bond duration and is a common indicator of an investment's sensitivity to interest rate movements. The new methodology is applied to the Funds' duration reported for any periods after September 26, 2016.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Funds, including each Fund's effective duration and additional information about the new methodology, may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. Any reference to BlackRock's website in this report is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

### Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:

Please contact your financial advisor. Please note that not all investment advisers, banks or brokerages may offer this service.

### Householding

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The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 882-0052.



## Additional Information (concluded)

### General Information (concluded)

#### Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

#### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

#### Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com>; or by calling (800) 882-0052; and (2) on the SEC's website at <http://www.sec.gov>.

#### Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following:

(i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.



This report is intended for current holders. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

MQUAL5-1/17-SAR

Item 2 Code of Ethics Not Applicable to this semi-annual report

Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report

Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report

Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report

Item 6 Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies  
Not Applicable to this semi-annual report

Item 8 Portfolio Managers of Closed-End Management Investment Companies

(a) Not Applicable to this semi-annual report.

(b) As of the date of this filing, there have been no changes in any of the portfolio managers identified in the most recent annual report on Form N-CSR.

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers  
Not Applicable

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

(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.

(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 second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits attached hereto

(a)(1) Code of Ethics Not Applicable to this semi-annual report

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) 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 MuniHoldings California Quality Fund, Inc.

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

Date: April 5, 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 MuniHoldings California Quality Fund, Inc.

Date: April 5, 2017

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

Date: April 5, 2017