

StoneCastle Financial Corp.  
Form N-Q  
November 12, 2015  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

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

Investment Company Act file number 811-22853

StoneCastle Financial Corp.  
(Exact name of registrant as  
specified in charter)

152 West 57th Street, 35th  
Floor  
New York, NY 10019  
(Address of principal  
executive offices) (Zip code)

Joshua S. Siegel  
StoneCastle Financial Corp.  
152 West 57th Street, 35th  
Floor  
New York, NY 10019  
(Name and address of agent  
for service)

Copies of Communications to:

John P. Falco, Esq.

Pepper Hamilton LLP

3000 Two Logan Square / Eighteenth and Arch Streets

Philadelphia, PA 19103-2799

(215) 981-4659

Registrant's telephone number, including area code: (212) 354-6500

Date of fiscal year end: December 31

Date of reporting period: September 30, 2015

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

**Item 1. Schedule of Investments.**

The Schedule(s) of Investments is attached herewith.

StoneCastle Financial Corp.  
Schedule of Investments (unaudited)

As of September 30, 2015

<b>Company<sup>(1)</sup></b>	<b>Investment</b>	<b># of Shares/Par Amount (\$)<sup>(2)</sup></b>	<b>Fair Value</b>
<b><u>Term Loans – 32.5%</u></b>			
Banking – 32.5%			
Citizens Bancshares Co.	Senior Term Loan, 8.75%, 12/21/2024	\$ 13,250,000	\$ 13,250,000
First Citizens Bancshares, Inc.	Subordinated Term Loan, 8.625%, 6/30/2025	\$ 10,000,000	10,000,000
Linden Bancshares, Inc.	Subordinated Term Loan, 8.75%, 07/31/2025	\$ 4,000,000	4,000,000
Market Street Bancshares, Inc.	Subordinated Term Loan, 6.50%, 8/14/2025	\$ 7,500,000	7,500,000
Sandhills Holding Company, Inc.	Subordinated Term Loan, 8.75%, 7/31/2025	\$ 8,500,000	8,500,000
Victory Bancorp, Inc.	Subordinated Term Loan, 8.50%, 9/22/2025	\$ 2,500,000	2,500,000
Williams Holding Company, Inc.	Subordinated Term Loan, 8.75%, 6/30/2025	\$ 1,000,000	1,000,000
	Total Term Loans (Cost \$46,750,000)		46,750,000
<b><u>Debt Securities – 22.5%</u></b>			
Banking – 22.5%			
Bankwell Financial Group, Inc.	Unsecured Fixed Rate Subordinated Notes, 5.75%, 8/15/2025	\$ 7,500,000	7,509,375
Cornerstone Community Bancorp	Subordinated Debenture, 8.80%, 2/27/2025	\$ 5,000,000	5,000,000
Country Bank Holding Company Inc.	Subordinated Debenture, 8.50%, 5/15/2025	\$ 6,000,000	6,000,000
Freeport Bancshares, Inc.	Subordinated Debenture, 8.875%, 2/17/2025	\$ 3,150,000	3,150,000
MidWest Community Financial Corporation	Subordinated Debenture, 8.50%, 11/24/2024	\$ 3,500,000	3,500,000
MidWest Community Financial Corporation	Subordinated Debenture, 8.50%, 3/3/2025	\$ 1,500,000	1,500,000
MMCapS Funding I, Ltd. / MMCapS Funding I, Inc.	Fixed Rate Mezzanine Notes, 8.04%, 6/8/2031, 144A <sup>(3)</sup>	\$ 6,512,291	5,681,974
	Total Debt Securities (Cost \$31,706,529)		32,341,349
<b><u>Trust Preferred Securities – 33.4%</u></b>			
Banking – 33.4%			
Amboy Capital Trust I	Trust Preferred Security, 9.00%, 7/29/2029, 144A <sup>(3)</sup>	\$ 15,500,000	15,500,000
Capital City TPS LLC Series 2015-1	Capital City TPS 2015-1 9.74%, Note, 9/30/2030, 144A <sup>(3)</sup>	\$ 1,920,854	1,925,656
Central Trust Company Capital Trust I	Junior Subordinated Debt, 10.25%, 7/25/2031	\$ 2,500,000	2,532,812
Countrywide Capital Trust IV	Trust Preferred Security, 6.75%	38,562	978,318
	Trust Preferred Security, 8.05%	57,444	1,609,581

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Deutsche Bank Contingent Capital Trust

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First Alliance Capital Trust I	Junior Subordinated Debt, 10.25%, 7/25/2031, 144A <sup>(3)</sup>	\$ 6,500,000	6,558,906
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1 StoneCastle Financial Corp. | See notes to Financial Statements

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Company <sup>(1)</sup>	Investment	# of Shares/Par Amount (\$) <sup>(2)</sup>	Fair Value
Banking (continued)			
First Citizens TPS LLC Series 2015-1	First Citizens TPS 2015-1 9.74%, Note, 9/30/2030, 144A <sup>(3)</sup>	\$2,240,997	\$2,246,599
M&T TPS LLC Series 2015-1	M&T TPS 2015-1 9.74%, Note, 9/30/2030, 144A <sup>(3)</sup>	\$2,561,138	2,580,347
Mercantil TPS LLC Series 2015-1	Mercantil TPS 2015-1 9.74%, Note, 9/30/2030, 144A <sup>(3)</sup>	\$4,802,135	4,832,149
Merrill Lynch Preferred Capital Trust III	Trust Preferred Security, Series D, 7.00%	21,729	551,265
Merrill Lynch Preferred Capital Trust IV	Trust Preferred Security, Series E, 7.12%	30,263	769,285
Merrill Lynch Preferred Capital Trust V	Trust Preferred Security, Series F, 7.28%	76,206	1,944,015
Morgan Stanley Capital Trust VIII	Trust Preferred Security, 6.45%	51,578	1,298,218
National Bank of Indianapolis TPS LLC Series 2015-1	National Bank Of Indianapolis TPS 2015-1 9.74%, Note, 9/30/2030, 144A <sup>(3)</sup>	\$4,321,922	4,343,532
PrivateBancorp Capital Trust IV	Trust Preferred Security, 10.00%	13,322	357,696
	Total Trust Preferred Securities (Cost \$48,626,855)		48,028,379
<u>Preferred Stocks – 37.1%</u>			
Banking – 37.1%			
Banc of California Inc.	Depository Shares, Each Representing a 1/40th Interest in a Share of 7.375% Non-Cumulative Perpetual Preferred Stock, Series D	40,000	1,023,200
Blue Ridge Bancshares, Inc.	Fixed Rate Cumulative Perpetual Preferred Stock, Series B, 9%	\$200,000	200,000
BNCCORP, Inc.	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$13,750,000	13,750,000
Chicago Shore Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$6,400,000	6,400,000
Chicago Shore Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series B, 9%	\$150,000	150,000
Citigroup Inc.	Depository Shares, Each Representing a 1/1,000th Interest in a Share of 7.125% Fixed Rate Non-Cumulative Preferred Stock, Series J	104,054	2,801,134
Colony Bankcorp, Inc.	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$3,661,000	3,661,000
Community West Bancshares	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$1,481,000	1,481,000
Fidelity Financial Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$2,579,000	2,579,000
Fidelity Financial Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series B, 9%	\$210,000	210,000

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First National Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$ 1,016,000	1,005,840
First Priority Financial Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$ 709,000	709,000
First United Corporation	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$ 9,000,000	9,000,000
Katahdin Bankshares Corporation	Floating Rate Non-Cumulative Preferred Stock, Series D, 8.75%	\$ 10,000,000	10,000,000
Tennessee Valley Financial Holdings Inc.	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$ 100,000	104,050
Tennessee Valley Financial Holdings Inc.	Fixed Rate Cumulative Perpetual Preferred Stock, Series B, 9%	\$ 49,000	61,924

See notes to Financial Statements | StoneCastle Financial Corp. 2

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Company <sup>(1)</sup>	Investment	# of Shares/Par Amount (\$) <sup>(2)</sup>	Fair Value
Banking (continued)			
The Queensborough Company	Fixed Rate Cumulative Perpetual Preferred Stock, Series A, 9%	\$ 250,000	\$247,500
	Total Preferred Stocks (Cost \$53,694,834)		53,383,648
Convertible Preferred Stocks – 3.6%			
Banking – 3.6%			
Civista Bancshares Inc.	Depository Shares, Each Representing a 1/40th Interest in a 6.50% Non-Cumulative Redeemable Convertible Perpetual Preferred Share, Series B	59,001	1,958,833
SB Financial Group Inc.	Depository Shares, Each Representing a 1/100th Interest in a 6.50% Non-Cumulative Convertible Perpetual Preferred Share, Series A	250,000	3,250,000
	Total Convertible Preferred Stocks (Cost \$3,975,025)		5,208,833
Common Stocks – 3.6%			
Banking – 2.0%			
Happy Bancshares, Inc.	Equity Security, Private Placement, 144A <sup>(3)(4)</sup>	44,000	1,036,200
Middleburg Financial Corporation	Equity Security	10,988	193,499
Pioneer Bancshares, Inc.	Equity Security <sup>(4)</sup>	83,400	1,662,996
			2,892,695
Non-Bank Financial – 1.6%			
Medallion Financial Corporation	Equity Security - Business Development Corporation	\$ 289,371	2,193,432
	Total Common Stocks (Cost \$5,774,358)		5,086,127
<u>Exchange Traded Fund –</u>			
<u>2.6%</u>			
Diversified Financial Services – 2.6%			
iShares S&P U.S. Preferred Stock Index Fund	Preferred Stock Exchange Traded Fund	95,797	3,785,897
	Total Exchange Traded Fund (Cost \$3,798,602)		3,785,897
Limited Partnership Interest – 0.7%			
Banking – 0.7%			
Priam Capital Fund I, L.P.	Limited partnership <sup>(4)</sup>	50,000	1,000,000
	Total Limited Partnership Interest (Cost \$1,000,000)		1,000,000
	Total Long Term Investments (Cost \$195,326,203)		195,584,233





Company <sup>(1)</sup>	Investment	# of Shares/Par Amount (\$) <sup>(2)</sup>	Fair Value
Short-Term Investment – 1.3%			
Morgan Stanley Institutional Liquidity Funds - Treasury Portfolio	Institutional Share Class	1,913,490	\$ 1,913,490
	<b>Total Short-Term Investment (Cost \$1,913,490)</b>		1,913,490
	<b>Total Investments (Cost \$197,239,693)<sup>(5)(6) † — 137.3%</sup></b>		197,497,723
	<b>Other assets and liabilities, net — (37.3)%<sup>(7)</sup></b>		(53,689,807 )
	<b>Total Net Assets — 100.0%</b>		\$ 143,807,916

(1) We do not “control” and are not an “affiliate” of any of our investments, each as defined in the Investment Company Act (the “1940 Act”).

(2) \$ represents security position traded in par amount.

(3) Security is exempt from registration under Rule 144A of the Securities Act of 1933.

(4) Currently non-income producing security.

(5) Investments are income producing assets unless otherwise noted by footnote (4).

(6) Cost values reflect accretion of original issue discount or market discount, and amortization of premium.

(7) Includes \$58.0 million in bank loan from Texas Capital Bank.

As of September 30, 2015, the cost basis of investment securities owned was substantially identical for both book † and tax purposes. Gross unrealized appreciation of investments was \$2,163,775 and gross unrealized depreciation was \$1,905,745, resulting in net unrealized appreciation of \$258,030.

See notes to Financial Statements | StoneCastle Financial Corp. 4

Notes to Schedule of Investments (unaudited)

**Investment Valuation**—The most significant estimates made in the preparation of the financial statements of StoneCastle Financial Corp. (“SCFC” or the “Company”) are the valuation of equity and debt investments and the effective yield calculation with respect to certain debt securities, as well as the related amounts of unrealized appreciation and depreciation of investments recorded. The Company believes that there is no single definitive method for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments that SCFC makes. The Company is required to specifically fair value each individual investment on a quarterly basis.

The Company complies with ASC 820-10, Fair Value Measurements and Disclosure, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. ASC 820-10 clarified the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes the following three-tier fair value hierarchy:

- Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access;
  
- Level 2 — Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly; and
  
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

To the extent securities owned by the Company are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by SCFC in determining fair value is greatest for

securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk associated with investing in those securities.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, SCFC's

5 StoneCastle Financial Corp. |

own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. SCFC uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

SCFC will determine fair value of its assets and liabilities in accordance with valuation procedures adopted by its board of directors. The Company may utilize the services of one or more regionally or nationally recognized independent valuation firms to help it determine the value of each investment for which a market price is not available. SCFC's board will also review valuations of such investments provided by the Advisor. Securities for which market quotations are readily available shall be valued at "market value." If a market value cannot be obtained or if SCFC's Advisor determines that the value of a security as so obtained does not represent a fair value as of the measurement date (due to a significant development subsequent to the time its price is determined or otherwise), fair value shall be determined pursuant to the methodologies established by our Board of Directors. In making these determinations, the Company may engage an independent valuation firm from time to time to assist in determining the fair value of our investments. The methods for valuing these investments may include fundamental analysis, discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors.

County/City/Special District/School District

24

%

23

%

Health

17

State

Utilities

Education

	9
Transportation	
	8
	11
Housing	
	4
	4
Corporate	
	4
	14

**Credit Quality Allocations<sup>5</sup>**

	<b>1/31/12</b>	<b>7/31/11</b>
AAA/Aaa	2%	2%
AA/Aa	74	69
A	20	24
BBB/Baa	2	3
Not Rated <sup>6</sup>	2	2

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of January 31, 2012 and July 31, 2011, the market value of these securities was \$2,665,600, representing 1%, and \$5,295,911, representing 2%, respectively, of the Fund's long-term investments.

Fund Summary as of January 31, 2012

**BlackRock MuniYield New York Quality Fund, Inc.****Fund Overview**

**BlackRock MuniYield New York Quality Fund, Inc. s (MYN) (the Fund )** investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes and New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax) and New York State and New York City personal income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality 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.

**Performance**

For the six months ended January 31, 2012, the Fund returned 18.96% based on market price and 13.13% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return 17.53% based on market price and 11.32% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. As the yield curve flattened during the period (longer-term interest rates fell more than shorter rates), rising bond prices in the long end of the municipal curve contributed positively to the Fund s performance. Additionally, the Fund benefited from its long duration bias (greater sensitivity to interest rate movements) as overall interest rates declined. The Fund s heavy exposures to transportation and education, which were among the better performing sectors for the period, had a positive impact on performance.

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

**Fund Information**

Symbol on NYSE	MYN
Initial Offering Date	February 28, 1992
Yield on Closing Market Price as of January 31, 2012 (\$14.53) <sup>1</sup>	5.86%
Tax Equivalent Yield <sup>2</sup>	9.02%
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, 2012 <sup>4</sup>	38%

<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 federal tax rate of 35%.

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

<sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, 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 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

	1/31/12	7/31/11	Change	High	Low
Market Price	\$ 14.53	\$ 12.60	15.32%	\$ 14.59	\$ 12.10
Net Asset Value	\$ 14.74	\$ 13.44	9.67%	\$ 14.74	\$ 13.44



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The following charts show the sector and credit quality allocations of the Fund's long-term investments:

### Sector Allocations

	1/31/12	7/31/11
County/City/Special District/School District	29%	28%
Transportation	27	29
Education	12	11
Utilities	9	8
State	9	11
Health	8	5
Housing	3	3
Corporate	2	4
Tobacco	1	1

### Credit Quality Allocations<sup>5</sup>

	1/31/12	7/31/11
AAA/Aaa	13%	12%
AA/Aa	54	54
A	23	21
BBB/Baa	9	10
BB/Ba	1	2
Not Rated		1 <sub>6</sub>

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2011, the market value of these securities was \$3,909,236, representing 1% of the Fund's long-term investments.

Fund Summary as of January 31, 2012

BlackRock MuniYield Quality Fund III, Inc.

**Fund Overview**

**BlackRock MuniYield Quality Fund III, Inc. s (MYI) (the Fund )** investment objective is to provide shareholders with as high a level of current income exempt from 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 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.

**Performance**

For the six months ended January 31, 2012, the Fund returned 26.48% based on market price and 16.31% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 21.10% based on market price and 13.67% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period-end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. During the period, the Fund benefited from the declining interest rate environment (bond prices rise as interest rates fall), the flattening of the yield curve (long interest rates fell more than short and intermediate rates) and tightening of credit spreads. The Fund s exposure to zero-coupon bonds and the health sector had a positive impact on performance as these holdings derived the greatest benefit from the decline in interest rates and spread tightening during the period.

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

**Fund Information**

Symbol on NYSE	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of January 31, 2012 (\$14.91) <sup>1</sup>	5.79%
Tax Equivalent Yield <sup>2</sup>	8.91%
Current Monthly Distribution per Common Share <sup>3</sup>	\$0.072
Current Annualized Distribution per Common Share <sup>3</sup>	\$0.864
Economic Leverage as of January 31, 2012 <sup>4</sup>	37%

<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 federal tax rate of 35%.

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

<sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOBs, 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 10.

The table below summarizes the changes in the Fund s market price and NAV per share:

	1/31/12	7/31/11	Change	High	Low
Market Price	\$ 14.91	\$ 12.17	22.51%	\$ 14.93	\$ 11.86
Net Asset Value	\$ 14.86	\$ 13.19	12.66%	\$ 14.86	\$ 13.19

The following charts show the sector and credit quality allocations of the Fund s long-term investments:

**Sector Allocations**

	<b>1/31/12</b>	<b>7/31/11</b>
Transportation	27%	27%
County/City/Special District/School District	21	24
Utilities	18	17
State	11	10
Education	9	9
Health	8	7
Housing	5	5
Corporate	1	1

**Credit Quality Allocations<sup>5</sup>**

	<b>1/31/12</b>	<b>7/31/11</b>
AAA/Aaa	10%	7%
AA/Aa	66	65
A	21	21
BBB/Baa	3	3
Not Rated		4 <sub>6</sub>

<sup>5</sup> Using the higher of S&P's or Moody's ratings.

<sup>6</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2011, the market value of these securities was \$20,992,023, representing 1% of the Fund's long-term investments.

### The Benefits and Risks of Leveraging

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

To obtain leverage, the Funds issue Variable Rate Demand Preferred Shares ( VRDP Shares ) or Variable Rate Muni Term Preferred Shares ( VMTP Shares ) and previously issued and had outstanding Auction Market Preferred Shares ( AMPS ) (VRDP Shares, VMTP Shares, and as applicable AMPS, are collectively referred to as Preferred Shares ). Preferred Shares pay dividends at prevailing short-term interest rates, and the Funds invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund s shareholders will benefit from the incremental net income.

To illustrate these concepts, assume a Fund s Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the Preferred Shares issuance earn income based on long-term interest rates. In this case, the dividends paid to holders of Preferred Shares ( Preferred Shareholders ) are significantly lower than the income earned on the Fund s long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund s total portfolio earns income based on lower long-term interest rates.

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 redemption value of the Funds Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds NAVs positively or negatively in addition to the impact on Fund performance from leverage from Preferred Shares discussed above.

The Funds may also leverage their assets through the use of tender option bond trusts ( TOBs ), as described in Note 1 of the Notes to Financial Statements. TOB investments generally will provide the Funds with economic benefits in periods of declining short-term interest rates, but expose the Funds to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Funds, as described above. Additionally, fluctuations in the market value of municipal bonds deposited into the TOB trust may adversely affect each Fund s NAV per share.

The use of leverage may enhance opportunities for increased income to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund s net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. 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 a Fund to incur losses. The use of leverage may limit each Fund s ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by rating agencies that rate the Preferred Shares issued by the Funds. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Funds are permitted to issue senior securities in the form of equity securities (e.g., Preferred Shares) up to 50% of their total managed assets. In addition, each Fund voluntarily limits its economic leverage to 45% of its total managed assets. As of January 31, 2012, the Funds had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	<b>Percent of Economic Leverage</b>
MUE	38%

MCA	39%
MYM	35%
MYN	38%
MYI	37%

### Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Derivative financial instruments 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 derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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Schedule of Investments January 31, 2012 (Unaudited)

**BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Alabama 3.1%</b>		
Birmingham Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39	\$ 5,225	\$ 5,992,552
County of Jefferson Alabama, RB, Series A, 5.50%, 1/01/22	3,580	3,279,889
Selma Industrial Development Board, RB, International Paper Co. Project, Series A, 5.38%, 12/01/35	940	982,657
		10,255,098
<b>California 16.0%</b>		
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38	5,050	5,679,785
California Health Facilities Financing Authority, RB: Scripps Health, Series A, 5.00%, 11/15/40 (a)	415	445,880
Sutter Health, Series B, 6.00%, 8/15/42	2,865	3,300,594
City of San Jose California Airport, RB, Series A-1, AMT, 5.50%, 3/01/30	4,045	4,397,158
City of Sunnyvale California, Refunding RB, 5.25%, 4/01/40	2,800	3,172,960
County of Sacramento California, RB, Senior Series A (AGC), 5.50%, 7/01/41	3,500	3,808,875
Emery Unified School District, GO, Election of 2010, Series A (AGM), 5.50%, 8/01/35	1,875	2,111,269
Los Angeles Community College District California, GO: Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	5,000	5,469,050
Election of 2008, Series C, 5.25%, 8/01/39	2,500	2,864,750
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33	3,175	3,534,537
Port of Oakland, Refunding RB, Series M, AMT (NPFGC), 5.38%, 11/01/27	2,220	2,249,504
Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34	2,670	3,121,951
Roseville Joint Union High School District California, GO, Election of 2004, Series A (NPFGC), 5.00%, 8/01/29	2,985	3,206,099
San Bernardino Community College District, GO, Election of 2002, Series A, 6.25%, 8/01/33	2,165	2,590,444
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
San Francisco City & County Airports Commission, RB, Specialty Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	\$ 1,250	\$ 1,253,350
State of California, GO, Refunding, Veterans, Series BZ, AMT (NPFGC), 5.35%, 12/01/21	10	10,017
	2,430	1,778,566

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Stockton Public Financing Authority California, RB, Redevelopment Projects, Series A (Radian), 5.25%, 9/01/34 Ventura County Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/33	3,175	3,632,517
		52,627,306
<b>Colorado 1.5%</b>		
Colorado Health Facilities Authority, RB, Hospital, NCCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26	3,300	3,902,415
Colorado Housing & Finance Authority, Refunding RB, S/F Program, Senior Series A-2, AMT, 7.50%, 4/01/31	120	121,760
Regional Transportation District, COP, Series A, 5.00%, 6/01/25	765	864,756
		4,888,931
<b>Florida 11.3%</b>		
City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/26	2,000	2,397,380
County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32	2,500	2,700,300
County of Miami-Dade Florida, RB, Miami International Airport, Series A, AMT (AGM): 5.25%, 10/01/41	4,610	4,806,939
5.50%, 10/01/41	4,180	4,418,177
Jacksonville Port Authority, RB, AMT (AGC), 6.00%, 11/01/38	3,625	3,679,665
Orange County Health Facilities Authority, RB, The Nemours Foundation Project, Series A, 5.00%, 1/01/29	2,540	2,790,190
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	7,600	8,462,524
Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36	6,965	7,895,872
		37,151,047

### Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

<b>ACA</b>	American Capital Access Corp.
<b>AGC</b>	Assured Guaranty Corp.
<b>AGM</b>	Assured Guaranty Municipal Corp.
<b>AMBAC</b>	American Municipal Bond Assurance Corp.
<b>AMT</b>	Alternative Minimum Tax (subject to)
<b>ARB</b>	Airport Revenue Bonds
<b>BHAC</b>	Berkshire Hathaway Assurance Corp.
<b>BOCES</b>	Board of Cooperative Educational Services
<b>CAB</b>	Capital Appreciation Bonds
<b>COP</b>	Certificates of Participation
<b>EDA</b>	Economic Development Authority
<b>EDC</b>	Economic Development Corp.
<b>ERB</b>	Education Revenue Bonds
<b>FGIC</b>	Financial Guaranty Insurance Co.
<b>FHA</b>	Federal Housing Administration
<b>GAB</b>	Grant Anticipation Bonds
<b>GAN</b>	Grant Anticipation Notes
<b>GO</b>	General Obligation Bonds
<b>HDA</b>	Housing Development Authority

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<b>HFA</b>	Housing Finance Agency
<b>HRB</b>	Housing Revenue Bonds
<b>IDRB</b>	Industrial Development Revenue Bonds
<b>ISD</b>	Independent School District
<b>LRB</b>	Lease Revenue Bonds
<b>MRB</b>	Mortgage Revenue Bonds
<b>NPFGC</b>	National Public Finance Guarantee Corp.
<b>PILOT</b>	Payment in Lieu of Taxes
<b>PSF-GTD</b>	Permanent School Fund Guaranteed
<b>Q-SBLF</b>	Qualified School Bond Loan Fund
<b>RB</b>	Revenue Bonds
<b>S/F</b>	Single-Family
<b>SONYMA</b>	State of New York Mortgage Agency
<b>Syncora</b>	Syncora Guarantee
<b>XLCA</b>	XL Capital Assurance, Inc.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

11

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## Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Idaho 0.1%</b>		
Idaho Housing & Finance Association, RB, S/F Mortgage, Series E, AMT, 6.00%, 1/01/32	\$ 230	\$ 232,203
<b>Illinois 14.3%</b>		
Chicago Board of Education Illinois, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26	1,205	1,468,473
Chicago Board of Education Illinois, GO, Series A: 5.50%, 12/01/39	3,405	3,858,137
5.00%, 12/01/41	7,455	7,981,249
City of Chicago Illinois, RB: O Hare International Airport, General, Third Lien, Series C (AGM), 5.25%, 1/01/35	2,030	2,232,472
Sales Tax, Series A, 5.25%, 1/01/38	1,310	1,477,235
Series A, 5.75%, 1/01/39	2,000	2,282,800
City of Chicago Illinois, Refunding RB, General, Third Lien, Series C, 6.50%, 1/01/41	9,085	10,978,677
City of Chicago Illinois Transit Authority, RB: Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26	3,400	4,032,502
Sales Tax Receipts, 5.25%, 12/01/36	1,060	1,185,080
Sales Tax Receipts, 5.25%, 12/01/40	3,135	3,496,748
Railsplitter Tobacco Settlement Authority, RB: 5.50%, 6/01/23	2,350	2,681,162
6.00%, 6/01/28	670	751,284
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/28	4,000	4,551,440
		46,977,259
<b>Indiana 5.3%</b>		
Indiana Finance Authority WasteWater Utility, RB, Series A, 5.25%, 10/01/31	3,225	3,721,521
Indiana Municipal Power Agency, RB, Series A (NPFGC), 5.00%, 1/01/42	6,300	6,641,712
Indianapolis Local Public Improvement Bond Bank, RB, Series K, 5.00%, 6/01/25	3,720	4,284,324
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38	2,370	2,657,339
		17,304,896
<b>Iowa 0.6%</b>		
Iowa Finance Authority, Refunding RB, Iowa Health System (AGC), 5.25%, 2/15/29	1,710	1,890,747
<b>Kansas 0.4%</b>		
Sedgwick & Shawnee Counties Kansas, MRB, Series A-2, AMT (Ginnie Mae), 6.20%, 12/01/33	1,130	1,147,538
<b>Michigan 7.2%</b>		
City of Detroit Michigan, RB, Series B: Second Lien (NPFGC), 5.50%, 7/01/29	4,170	4,688,415
Senior Lien (AGM), 7.50%, 7/01/33	1,330	1,678,793
City of Detroit Michigan, Refunding RB, Senior Lien: Series C-1 (AGM), 7.00%, 7/01/27	4,180	5,177,557

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Series C-2 (BHAC), 5.25%, 7/01/29	1,860	2,071,556
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	3,420	3,806,323
Michigan State Building Authority, Refunding RB, Facilities Program, Series I (AGC):		
5.25%, 10/15/24	1,440	1,674,374
5.25%, 10/15/25	750	868,140

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (concluded)</b>		
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	\$ 3,115	\$ 3,852,071
		23,817,229
<b>Minnesota 0.7%</b>		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	1,975	2,331,448
<b>Nevada 4.6%</b>		
Clark County Water Reclamation District, GO, Series A, 5.25%, 7/01/34	3,210	3,605,280
County of Clark Nevada, RB:		
Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39	4,565	4,977,904
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36	6,520	6,691,215
		15,274,399
<b>New Jersey 7.3%</b>		
New Jersey EDA, RB, Motor Vehicle Surcharge, Series A (NPFGC), 5.25%, 7/01/33	11,000	11,801,350
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38	3,400	3,722,116
New Jersey Transportation Trust Fund Authority, RB, Transportation System:		
Series A, 5.50%, 6/15/41	3,030	3,476,592
Series A (AGC), 5.63%, 12/15/28	2,930	3,382,685
Series B, 5.25%, 6/15/36	1,500	1,687,725
		24,070,468
<b>New York 6.5%</b>		
Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47	940	1,062,209
New York City Municipal Water Finance Authority, RB, Second General Resolution:		
Fiscal 2009, Series EE, 5.25%, 6/15/40	6,930	7,726,049
Fiscal 2011, Series EE, 5.38%, 6/15/43	2,220	2,538,659
Fiscal 2012, Series BB, 5.00%, 6/15/44	2,500	2,784,150
New York City Transitional Finance Authority, RB:		
Fiscal 2009, Series S-3, 5.25%, 1/15/39	2,300	2,543,547
Sub-Series S-2A, 5.00%, 7/15/30	4,045	4,672,461
		21,327,075
<b>North Carolina 0.3%</b>		
North Carolina HFA, RB, Home Ownership, Series 14A, AMT (AMBAC), 5.35%, 1/01/22	920	921,086
<b>Pennsylvania 1.6%</b>		
Delaware River Port Authority, RB, Series D (AGM), 5.00%, 1/01/40	3,000	3,241,920
Philadelphia Hospitals & Higher Education Facilities Authority, RB, Children s Hospital, Series D, 5.00%, 7/01/32	1,940	2,148,705
		5,390,625

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**Puerto Rico 1.2%**

Puerto Rico Sales Tax Financing Corp., RB, First  
Sub-Series A, 6.38%, 8/01/39

3,500

4,085,865

See Notes to Financial Statements.

12

SEMI-ANNUAL REPORT

JANUARY 31, 2012

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## Schedule of Investments (continued)

BlackRock MuniHoldings Quality Fund II, Inc. (MUE)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>South Carolina 5.8%</b>		
South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19	\$ 140	\$ 141,940
South Carolina State Public Service Authority, RB, Series A:		
(AMBAC), 5.00%, 1/01/42	15,000	16,141,200
Santee Cooper, 5.50%, 1/01/38	2,500	2,842,550
		19,125,690
<b>Texas 20.4%</b>		
City of Austin Texas, Refunding RB, Series A (AGM):		
5.00%, 11/15/28	1,795	2,064,483
5.00%, 11/15/29	2,270	2,584,508
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC), 6.00%, 11/15/35	6,700	8,074,974
Clifton Higher Education Finance Corp., Refunding RB, Baylor University, 5.25%, 3/01/32	3,120	3,596,705
Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38	5,655	6,295,146
Harris County Cultural Education Facilities Finance Corp., RB, Children s Hospital Project, 5.25%, 10/01/29	2,080	2,378,418
Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.25%, 12/01/35	1,000	1,189,940
Lubbock Cooper ISD Texas, GO, School Building (AGC), 5.75%, 2/15/42	1,250	1,412,463
North Texas Tollway Authority, RB:		
First Tier, Series K-2 (AGC), 6.00%, 1/01/38	1,000	1,138,540
Special Projects System, Series A, 5.50%, 9/01/41	7,880	9,111,802
North Texas Tollway Authority, Refunding RB, System, First Tier (NPFGC):		
Series A, 5.63%, 1/01/33	10,975	12,069,756
Series A, 5.75%, 1/01/40	11,575	12,556,328
Series B, 5.75%, 1/01/40	1,000	1,084,780
Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37	3,000	3,464,820
		67,022,663
<b>Utah 0.8%</b>		
City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41	2,500	2,691,625
<b>Virginia 0.8%</b>		
Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/35	2,195	2,596,400
<b>Washington 1.5%</b>		
City of Seattle Washington, Refunding RB, Series A, 5.25%, 2/01/36	2,400	2,759,832
State of Washington, GO, Various Purpose, Series B, 5.25%, 2/01/36	1,865	2,157,190

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	4,917,022
<b>Total Municipal Bonds 111.3%</b>	366,046,620

<b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>	<b>Par (000)</b>	<b>Value</b>
<b>Alabama 1.2%</b>		
Mobile Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31	\$ 3,750	\$ 3,978,075
<b>California 3.4%</b>		
City of San Jose California, GO, Libraries, Parks, and Public Safety Project (NPFGC), 5.00%, 9/01/30	3,805	4,002,888
San Diego Community College District California, GO, Election of 2002 (AGM), 5.00%, 5/01/30	1,486	1,629,450
Sequoia Union High School District California, GO, Election of 2004, Series B (AGM), 5.50%, 7/01/35	5,189	5,654,559
		11,286,897
<b>Colorado 3.0%</b>		
Colorado Health Facilities Authority, RB, Catholic Health, Series C-3 (AGM), 5.10%, 10/01/41	9,410	9,902,049
<b>District of Columbia 0.7%</b>		
District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35	1,700	2,123,765
<b>Florida 7.1%</b>		
City of St. Petersburg Florida, Refunding RB (NPFGC), 5.00%, 10/01/35	6,493	6,802,189
County of Miami-Dade Florida, GO, Building Better Communities Program, Series B-1, 6.00%, 7/01/38	12,500	14,359,125
Lee County Housing Finance Authority, RB, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40	2,115	2,260,660
		23,421,974
<b>Georgia 2.1%</b>		
Augusta-Richmond County Georgia, Water & Sewer, RB (AGM), 5.25%, 10/01/34	6,290	6,828,361
<b>Illinois 6.1%</b>		
Chicago Illinois O Hare International Airport, RB, Series A, 5.00%, 1/01/38	15,000	15,891,375
City of Chicago Illinois, Refunding RB, Second Lien (AGM), 5.25%, 11/01/33	3,969	4,310,862
		20,202,237
<b>Kentucky 0.8%</b>		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	2,304	2,656,814
<b>Massachusetts 3.5%</b>		
Massachusetts School Building Authority, RB: Dedicated Sales Tax, Senior Series B, 5.00%, 10/15/41	5,080	5,760,364
Series A (AGM), 5.00%, 8/15/30	4,994	5,576,010
		11,336,374
<b>Nevada 6.5%</b>		
Clark County Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38	10,000	11,700,800
Series B, 5.50%, 7/01/29	8,247	9,699,478
		21,400,278
<b>New Jersey 1.3%</b>		
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	3,941	4,227,388

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

13

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Schedule of Investments (concluded)

**BlackRock MuniHoldings Quality Fund II, Inc. (MUE)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>		
<b>New York 6.4%</b>		
New York Liberty Development Corp., RB:		
1 World Trade Center Port Authority Construction, 5.25%, 12/15/43	\$ 7,515	\$ 8,537,265
4 World Trade Center Project, 5.75%, 11/15/51	4,400	5,006,892
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC), 5.25%, 10/15/27	6,751	7,449,442
		20,993,599
<b>Puerto Rico 1.0%</b>		
Puerto Rico Sales Tax Financing Corp., RB, Sales Tax, Series C, 5.25%, 8/01/40		
	3,020	3,353,740
<b>Washington 2.3%</b>		
City of Bellevue Washington, GO, Refunding (NPFGC), 5.50%, 12/01/39		
	6,883	7,676,150
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 45.4%</b>		149,387,701
<b>Total Long-Term Investments (Cost \$472,315,149) 156.7%</b>		515,434,321
<b>Short-Term Securities</b>		
	<b>Shares</b>	
FFI Institutional Tax-Exempt Fund, 0.01% (c)(d)	11,617,912	11,617,912
<b>Total Short-Term Securities (Cost \$11,617,912) 3.6%</b>		11,617,912
<b>Total Investments (Cost \$483,933,061) 160.3%</b>		527,052,233
<b>Other Assets Less Liabilities 1.9%</b>		6,180,292
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (22.4)%</b>		(73,390,506)
<b>VMTP Shares, at Liquidation Value (39.8)%</b>		(131,000,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 328,842,019

(a) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation
JPMorgan Securities	\$ 445,880	\$ 4,486

(b) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

(c) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

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Affiliate	Shares Held at July 31, 2011	Net Activity	Shares Held at January 31, 2012	Income
FFI Institutional Tax-Exempt Fund	13,223,965	(1,606,053)	11,617,912	\$ 583

(d) Represents the current yield as of report date.

Financial futures contracts sold as of January 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
111	10-Year US Treasury Note	Chicago Board of Trade	March 2012	\$ 14,679,750	\$ (194,461)

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

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 515,434,321		\$ 515,434,321
Short-Term Securities	\$ 11,617,912			11,617,912
<b>Total</b>	\$ 11,617,912	\$ 515,434,321		\$ 527,052,233

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

Valuation Inputs	Level 1	Level 2	Level 3	Total



Derivative Financial  
Instruments<sup>2</sup>

**Liabilities:**

Interest rate contracts	\$	(194,461)	\$	(194,461)
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<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

See Notes to Financial Statements.

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Schedule of Investments January 31, 2012 (Unaudited)

**BlackRock MuniYield California Quality Fund, Inc. (MCA)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California 88.4%</b>		
<b>Corporate 0.5%</b>		
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34	\$ 2,435	\$ 2,818,001
<b>County/City/Special District/ School District 37.1%</b>		
Bay Area Governments Association, Refunding RB, California Redevelopment Agency Pool, Series A (AGM), 6.00%, 12/15/24	255	259,610
California State Public Works Board, RB, Various Capital Projects, Sub-Series I-1, 6.13%, 11/01/29	2,035	2,378,182
Chabot-Las Positas Community College District, GO, CAB, Series C (AMBAC), 6.03%, 8/01/37 (a)	10,000	2,399,200
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 8/01/35	2,000	2,318,820
Desert Community College District, GO, CAB, Election of 2004, Series C (AGM), 5.90%, 8/01/46 (a)	5,000	712,050
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28	2,500	2,715,525
Fremont Unified School District Alameda County California, GO, Series A (NPFGC), 5.50%, 8/01/26	10,755	11,148,418
Fresno Joint Powers Financing Authority California, RB, Series A (AGM), 5.75%, 6/01/26	3,295	3,310,717
Grossmont Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/40	2,500	2,972,250
Grossmont Union High School District, GO, Election of 2008, Series C, 5.50%, 8/01/33	1,855	2,210,511
Lodi Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/29	5,000	5,245,950
Los Angeles Community Redevelopment Agency California, RB, Bunker Hill Project, Series A (AGM), 5.00%, 12/01/27	10,000	10,559,100
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/27	5,240	5,692,317
Los Angeles Municipal Improvement Corp., Refunding RB, Real Property, Series B (AGC), 5.50%, 4/01/39	2,015	2,220,067
Merced Union High School District, GO, CAB, Election of 2008, Series C (a):		
6.61%, 8/01/33	2,500	781,875
6.40%, 8/01/36	4,000	1,044,120
7.07%, 8/01/41	5,000	739,350
Norwalk-La Mirada Unified School District California, GO, CAB, Election of 2002, Series E (AGC), 5.53%, 8/01/38 (a)	7,500	1,790,025
Ohlone Community College District, GO, Election of 2010, Series A, 5.25%, 8/01/41	8,140	9,205,607
	2,500	2,770,300

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Orange County Sanitation District, COP, Series A, 5.00%, 2/01/35		
Orange County Water District, COP, Refunding, 5.25%, 8/15/34	9,045	10,356,435
Orchard School District California, GO, Election of 2001, Series A (AGC), 5.00%, 8/01/34	7,490	8,350,975
Oxnard Union High School District California, GO, Refunding, Series A (NPFGC), 6.20%, 8/01/30	9,645	10,719,164

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
Pittsburg Unified School District, GO, Election of 2006, Series B (AGM):		
5.50%, 8/01/34	\$ 2,000	\$ 2,263,020
5.63%, 8/01/39	4,500	5,076,720
Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27	5,000	5,066,450
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,559,550
Sacramento Area Flood Control Agency, Special Assessment Bonds, Refunding, Consolidated, Capital Assessment District, Series A (NPFGC), 5.00%, 10/01/32	4,350	4,724,492
San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/27	4,315	4,841,818
San Diego Community College District California, GO, Election of 2006 (AGM), 5.00%, 8/01/32	7,115	7,850,549
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/38	4,895	5,272,405
San Jose Financing Authority, RB, Civic Center Project, Series B (AMBAC), 5.00%, 6/01/32	11,400	11,460,990
San Jose Financing Authority, RB, Convention Center Expansion & Renovation Project:		
5.75%, 5/01/36	2,570	2,752,290
5.75%, 5/01/42	4,500	5,114,745
San Juan Unified School District, GO, Election of 2002 (AGM), 5.00%, 8/01/34	6,475	7,183,753
San Leandro Unified School District California, GO, Election of 2010, Series A, 5.75%, 8/01/41	3,000	3,481,020
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/38	5,600	6,372,688
Walnut Valley Unified School District, GO, Election of 2007, Series B, 5.75%, 8/01/41	7,680	8,911,411
West Contra Costa Unified School District California, GO:		
Election of 2002, Series B (AGM), 5.00%, 8/01/32	6,690	6,744,256
Election of 2010, Series A, 5.25%, 8/01/41	6,140	6,803,059
Westminster Redevelopment Agency California, Tax Allocation Bonds, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	4,300	5,156,732
		204,536,516
<b>Education 5.1%</b>		
Anaheim City School District California, GO, Election of 2010 (AGM), 6.25%, 8/01/40	3,750	4,520,100
California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%,	4,220	4,746,276

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10/01/38		
California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42	2,500	2,769,775
Gavilan Joint Community College District, GO, Election of 2004, Series D:		
5.50%, 8/01/31	2,165	2,607,548
5.75%, 8/01/35	8,400	9,991,128
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 5.35%, 8/01/37 (a)	12,005	3,313,140
		27,947,967

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

15

## Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (continued)</b>		
<b>Health 10.7%</b>		
ABAG Finance Authority for Nonprofit Corps, Refunding RB, Sharp Healthcare, Series A, 6.00%, 8/01/30	\$ 2,250	\$ 2,713,410
California Health Facilities Financing Authority, RB: Cedars-Sinai Medical Center, 5.00%, 8/15/34	2,550	2,689,052
Providence Health Services, Series B, 5.50%, 10/01/39	4,105	4,536,394
Sutter Health, Series A, 5.25%, 11/15/46	8,000	8,337,920
California Health Facilities Financing Authority, Refunding RB: Catholic Healthcare West, Series A, 6.00%, 7/01/34	2,130	2,457,083
Catholic Healthcare West, Series A, 6.00%, 7/01/39	5,500	6,256,415
Sutter Health, Series B, 6.00%, 8/15/42	7,715	8,887,989
California Statewide Communities Development Authority, RB: Health Facility, Memorial Health Services, Series A, 6.00%, 10/01/23	3,685	3,829,636
Kaiser Permanente, Series B, 5.25%, 3/01/45	3,800	3,932,278
Sutter Health, Series A, 6.00%, 8/15/42	4,085	4,706,083
California Statewide Communities Development Authority, Refunding RB: Catholic Healthcare West, Series D (BHAC) 5.50%, 7/01/31	865	938,110
Trinity Health Credit Group, 5.00%, 12/01/41	5,000	5,369,250
City of Newport Beach California, RB, Hoag Memorial Hospital Presbyterian, 6.00%, 12/01/40	3,825	4,551,406
		59,205,026
<b>Housing 0.1%</b>		
California Rural Home Mortgage Finance Authority, RB, Mortgage-Backed Securities Program, AMT (Ginnie Mae): Series A, 6.35%, 12/01/29 (b)	70	72,234
Series B, 6.25%, 12/01/31	50	50,539
County of San Bernardino California, Refunding RB, Home Mortgage-Backed Securities, Series A-1, AMT (Ginnie Mae), 6.25%, 12/01/31	95	103,702
		226,475
<b>State 4.5%</b>		
California State Public Works Board, RB, Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	3,670	4,234,079
State of California, GO, Various Purpose: 6.00%, 3/01/33	7,000	8,314,740
6.00%, 4/01/38	7,000	8,124,410
6.00%, 11/01/39	3,375	3,953,171
		24,626,400
<b>Transportation 13.3%</b>		

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City of San Jose California, RB, Series A-1, AMT, 6.25%, 3/01/34	1,400	1,614,816
County of Orange California, RB, Series B, 5.75%, 7/01/34	5,000	5,626,700
Senior Series B, AMT (AGM), 5.25%, 7/01/33	7,500	7,986,375
Subordinated and Passenger Facility Charges/ Grant, Series C (AGC), 5.75%, 7/01/39	5,455	6,013,046

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
<b>Transportation (concluded)</b>		
Los Angeles Department of Airports, RB, Los Angeles International Airport, Senior Series A:		
5.25%, 5/15/29	\$ 3,760	\$ 4,291,514
5.00%, 5/15/35	2,945	3,284,971
5.25%, 5/15/39	2,785	3,099,789
Los Angeles Harbor Department, RB, Series B:		
5.25%, 8/01/34	5,530	6,284,568
5.25%, 8/01/39	2,480	2,781,494
San Diego County Regional Airport Authority, RB, Series B, 5.00%, 7/01/40	6,350	6,790,436
San Francisco City & County Airports Commission, RB:		
Series E, 6.00%, 5/01/39	9,650	11,182,420
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.10%, 1/01/20	1,000	1,002,680
Special Facility Lease, SFO Fuel, Series A, AMT (AGM), 6.13%, 1/01/27	985	987,009
San Francisco City & County Airports Commission, Refunding RB, Second Series 34E, AMT (AGM):		
5.75%, 5/01/24	5,000	5,723,800
5.75%, 5/01/25	3,500	3,971,415
San Joaquin County Transportation Authority, RB, Limited Tax, Series A, 6.00%, 3/01/36	2,400	2,881,968
		73,523,001
<b>Utilities 17.1%</b>		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36	5,000	5,759,150
City of Los Angeles California, Refunding RB, Sub-Series A:		
5.00%, 6/01/28	2,000	2,328,160
5.00%, 6/01/32	3,000	3,408,570
Dublin-San Ramon Services District, Refunding RB, 6.00%, 8/01/41	4,000	4,739,200
East Bay Municipal Utility District, RB, Series A (NPFGC), 5.00%, 6/01/37	4,000	4,598,280
East Bay Municipal Utility District, Refunding RB, Sub-Series A:		
5.00%, 6/01/30	5,000	5,943,200
(AMBAC), 5.00%, 6/01/33	4,125	4,524,383
Imperial Irrigation District, Refunding RB, Electric System, Series B, 5.13%, 11/01/38	5,500	5,872,570
Los Angeles Department of Water & Power, RB:		
5.25%, 7/01/39	8,000	9,163,040
5.00%, 7/01/41	7,500	8,342,925
Power System, Series A, Sub Series A-2 (NPFGC), 5.00%, 7/01/27	16,000	16,681,760
Oxnard Financing Authority, RB, Redwood Trunk Sewer & Headworks, Series A (NPFGC), 5.25%, 6/01/34	9,750	10,436,302

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San Diego Public Facilities Financing Authority, Refunding RB, Senior Series A, 5.25%, 5/15/34	1,000	1,136,460
San Francisco City & County Public Utilities Commission, RB, Sub-Series A, 5.00%, 11/01/37	10,000	11,317,800
<b>Total Municipal Bonds in California</b>		94,251,800
		487,135,186

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield California Quality Fund, Inc. (MCA)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Puerto Rico 0.5%</b>		
<b>State 0.5%</b>		
Puerto Rico Sales Tax Financing Corp., RB, CAB, Senior Series C, 6.00%, 8/01/39 (a)	\$ 12,420	\$ 2,892,245
<b>Total Municipal Bonds in Puerto Rico</b>		2,892,245
<b>Total Municipal Bonds 88.9%</b>		490,027,431
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>		
<b>California 72.3%</b>		
<b>County/City/Special District/ School District 38.7%</b>		
Arcadia Unified School District California, GO, Election of 2006, Series A (AGM), 5.00%, 8/01/37	7,925	8,432,275
Desert Community College District California, GO, Series C (AGM), 5.00%, 8/01/37	12,150	12,954,451
Fremont Unified School District Alameda County California, GO, Election of 2002, Series B (AGM), 5.00%, 8/01/30	15,997	17,268,200
Los Angeles Community College District California, GO: Election of 2001, Series A (AGM), 5.00%, 8/01/32	12,000	13,125,720
Election of 2001, Series A (NPFGC), 5.00%, 8/01/32	26,438	28,917,619
Election of 2003, Series E (AGM), 5.00%, 8/01/31	7,497	8,098,213
Election of 2003, Series F-1, 5.00%, 8/01/33	12,000	13,236,360
Election of 2008, Series A, 6.00%, 8/01/33	9,596	11,537,726
Los Angeles County Metropolitan Transportation Authority, Refunding RB, Proposition A, First Tier, Senior Series A (AMBAC), 5.00%, 7/01/35	6,828	7,519,960
Los Angeles County Sanitation Districts Financing Authority, Refunding RB, Capital Project 14 (BHAC), 5.00%, 10/01/34	4,998	5,283,704
Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34	5,000	5,499,750
Ohlone Community College District, GO, Series B (AGM), 5.00%, 8/01/30	19,998	21,420,560
Poway Unified School District, GO, Election of 2002, Improvement District 02, Series 1-B (AGM), 5.00%, 8/01/30	10,000	10,875,600
San Bernardino Community College District California, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	7,550	8,370,006
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/30	7,350	7,804,010
San Francisco Bay Area Rapid Transit District, Refunding RB, Series A (NPFGC), 5.00%, 7/01/30	19,630	21,554,918
	10,497	11,526,464



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San Francisco Bay Area Transit Financing Authority,  
Refunding RB, Series A (NPFGC), 5.00%, 7/01/34

213,425,536

Municipal Bonds Transferred to Tender Option Bond Trusts (c) California (concluded)	Par (000)	Value
<b>Education 11.4%</b>		
California State University, Refunding RB, Systemwide, Series C (NPFGC), 5.00%, 11/01/35	\$ 20,000	\$ 20,973,000
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35	11,000	12,127,610
University of California, RB: Limited Project, Series D (AGM), 5.00%, 5/15/41	8,000	8,536,000
Series L, 5.00%, 5/15/40	7,398	7,893,850
Series O, 5.75%, 5/15/34	11,190	13,166,713
		62,697,173
<b>Utilities 22.2%</b>		
City of Napa California, RB (AMBAC), 5.00%, 5/01/35	9,070	9,743,901
East Bay Municipal Utility District, RB, Sub-Series A (NPFGC), 5.00%, 6/01/35	15,000	16,602,300
East Bay Municipal Utility District, Refunding RB, Sub-Series A (AMBAC), 5.00%, 6/01/37	7,990	8,640,785
Los Angeles Department of Water & Power, RB, Power System:		
Sub-Series A-1 (AGM), 5.00%, 7/01/31	5,007	5,342,213
Sub-Series A-1 (AGM), 5.00%, 7/01/37	13,525	14,573,028
Sub-Series A-1 (AMBAC), 5.00%, 7/01/37	5,029	5,419,003
Sub-Series A-2 (AGM), 5.00%, 7/01/35	7,500	8,007,075
Metropolitan Water District of Southern California, RB:		
Series A, 5.00%, 7/01/37	15,000	16,504,950
Series B-1 (NPFGC), 5.00%, 10/01/33	7,175	7,591,906
Rancho Water District Financing Authority, Refunding RB, Series A (AGM), 5.00%, 8/01/34	9,277	10,136,173
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33	8,510	9,205,692
San Diego County Water Authority, COP, Series A (AGM), 5.00%, 5/01/31	10,000	10,582,600
		122,349,626
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 72.3%</b>		398,472,335
<b>Total Long-Term Investments (Cost \$824,423,644) 161.2%</b>		888,499,766

Short-Term Securities	Shares	
BIF California Municipal Money Fund, 0.00% (d)(e)	12,391,222	12,391,222
<b>Total Short-Term Securities (Cost \$12,391,222) 2.2%</b>		12,391,222
<b>Total Investments (Cost \$836,814,866) 163.4%</b>		900,890,988
<b>Other Assets Less Liabilities 1.1%</b>		6,375,683
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (34.3)%</b>		(189,300,981)
<b>VRDP Shares, at Liquidation Value (30.2)%</b>		(166,500,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 551,465,690

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See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

17

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Schedule of Investments (concluded)

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

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (d) Investments in companies considered to be an affiliate of the Fund during the period, 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, 2011	Net Activity	Shares Held at January 31, 2012	Income
BIF California Municipal Money Fund	15,276,406	(2,885,184)	12,391,222	

- (e) Represents the current yield as of report date.

For Fund compliance purposes, the Fund's sector classifications refer to any 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 Fund management. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Financial futures contracts sold as of January 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
65	10-Year US Treasury Note	Chicago Board of Trade	March 2012	\$ 8,596,250	\$ (113,874)

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

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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

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

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Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 888,499,766		\$ 888,499,766
Short-Term Securities	\$ 12,391,222			12,391,222
<b>Total</b>	<b>\$ 12,391,222</b>	<b>\$ 888,499,766</b>		<b>\$ 900,890,988</b>

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>2</sup>				
Investments:				
Interest rate contracts	\$ (113,874)			\$ (113,874)

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

See Notes to Financial Statements.

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Schedule of Investments January 31, 2012 (Unaudited)

**BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan 129.2%</b>		
<b>Corporate 5.6%</b>		
Delta County EDC, Refunding RB, Mead Westvaco-Escanaba, Series A, 6.25%, 4/15/12 (a)	\$ 2,420	\$ 2,450,201
Dickinson County EDC Michigan, Refunding RB, International Paper Co. Project, Series A, 5.75%, 6/01/16	2,500	2,531,650
Monroe County EDC Michigan, Refunding RB, Detroit Edison Co. Project, Series AA (NPFGC), 6.95%, 9/01/22	3,805	5,125,373
		10,107,224
<b>County/City/Special District/ School District 32.7%</b>		
Adrian City School District Michigan, GO (AGM), 5.00%, 5/01/14 (a)	2,400	2,644,560
Anchor Bay School District, GO, Refunding (Q-SBLF):		
4.13%, 5/01/25	2,000	2,171,560
4.25%, 5/01/26	1,145	1,238,363
4.38%, 5/01/27	640	692,736
4.38%, 5/01/28	400	430,220
4.50%, 5/01/29	605	653,418
Bay City School District Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/36	200	209,646
Charter Township of Canton Michigan, GO, Capital Improvement (AGM):		
5.00%, 4/01/25	1,250	1,372,425
5.00%, 4/01/26	1,250	1,364,275
5.00%, 4/01/27	500	543,220
City of Oak Park Michigan, GO, Street Improvement (NPFGC), 5.00%, 5/01/30	600	642,324
Comstock Park Public Schools, GO, School Building & Site, Series B (Q-SBLF):		
5.50%, 5/01/36	450	507,294
5.50%, 5/01/41	830	934,306
County of Genesee Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/19	400	438,544
County of Genesee Michigan, GO, Water Supply System (NPFGC), 5.13%, 11/01/33	500	511,680
Dearborn Brownfield Redevelopment Authority, GO, Limited Tax, Redevelopment, Series A (AGC), 5.50%, 5/01/39	2,000	2,221,600
Detroit City School District Michigan, GO, School Building & Site Improvement (FGIC):		
Series A, 5.38%, 5/01/13 (a)	1,480	1,573,832
Series B, 5.00%, 5/01/28	1,600	1,624,704
Eaton Rapids Public Schools Michigan, GO, School Building & Site (AGM), 5.25%, 5/01/23	2,000	2,189,080
Flint EDC, RB, Michigan Department of Human Services Office Building, 5.25%, 10/01/41	1,880	1,950,575
	1,255	1,383,989

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Fraser Public School District, GO, School Building & Site (AGM), 5.00%, 5/01/25		
Gibraltar School District Michigan, GO, School Building & Site Improvement (FGIC):		
5.00%, 10/01/28	585	608,301
5.00%, 5/01/13 (a)	3,065	3,377,323
Goodrich Area School District, GO, School Building & Site (Q-SBLF):		
5.50%, 5/01/32	400	461,020
5.50%, 5/01/36	800	904,520
5.50%, 5/01/41	1,000	1,127,320

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
Grand Rapids Building Authority Michigan, RB, Series A (AMBAC) (a):		
5.50%, 10/01/12	\$ 535	\$ 553,880
5.50%, 10/01/12	130	134,588
Gull Lake Community School District, GO, Refunding (AGM), 4.00%, 5/01/26	615	642,017
Harper Creek Community School District Michigan, GO, Refunding (AGM), 5.00%, 5/01/22	1,000	1,124,640
Harper Woods School District Michigan, GO, Refunding, School Building & Site (FGIC), 5.00%, 5/01/34	10	10,291
Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41	750	834,720
Jonesville Community Schools Michigan, GO, Refunding (NPFGC), 5.00%, 5/01/29	1,085	1,136,906
L Anse Creuse Public Schools Michigan, GO, School Building & Site (AGM):		
5.00%, 5/01/25	1,000	1,105,790
5.00%, 5/01/26	1,050	1,161,079
5.00%, 5/01/35	2,000	2,077,580
Lincoln Consolidated School District Michigan, GO, Refunding (NPFGC), 4.63%, 5/01/28	2,325	2,451,782
Livonia Public Schools School District Michigan, GO, Refunding, Series A (NPFGC), 5.00%, 5/01/24	500	535,915
Ludington Area School District Michigan, GO (NPFGC), 5.25%, 5/01/23	1,440	1,539,965
New Lothrop Area Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/35	1,200	1,253,232
Parchment School District, County of Kalamazoo, State of Michigan, GO, School Building and Site, 5.00%, 5/01/25	590	676,429
Pontiac Tax Increment Finance Authority Michigan, Tax Allocation Bonds, Refunding, Tax Increment Development (ACA), 5.38%, 6/01/12 (a)	640	657,440
Reed City Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/14 (a)	1,000	1,103,090
Rochester Community School District, GO (NPFGC), 5.00%, 5/01/19	265	306,724
Romulus Community Schools, GO, Refunding (AGM):		
4.00%, 5/01/24	685	728,943
4.13%, 5/01/25	715	764,428
4.25%, 5/01/26	740	788,744
4.25%, 5/01/27	725	764,861
4.50%, 5/01/29	630	670,667

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Southfield Public Schools Michigan, GO, School Building & Site, Series B (AGM), 5.00%, 5/01/14 (a)	1,000	1,103,090
Sparta Area Schools Michigan, GO, School Building & Site (FGIC), 5.00%, 5/01/14 (a)	1,000	1,100,720
Thornapple Kellogg School District Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/32	1,500	1,601,775
Van Dyke Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/28	750	828,128
Zeeland Public Schools Michigan, GO, School Building & Site (NPFGC), 5.00%, 5/01/29	1,230	1,277,367
		58,711,626

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

19

## Schedule of Investments (continued)

BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>Education 11.7%</b>		
Ferris State University, Refunding RB, General (AGM):		
4.50%, 10/01/23	\$ 1,360	\$ 1,492,899
4.50%, 10/01/24	1,595	1,740,751
4.50%, 10/01/25	1,405	1,527,277
Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35	1,030	1,045,007
Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Creative Studies, 5.90%, 6/01/12 (a)	1,000	1,018,820
Michigan Higher Education Student Loan Authority, RB, Student Loan (AMBAC):		
Series XVII-I, 5.20%, 3/01/24	2,515	2,584,138
Series XVII-P, 4.88%, 3/01/30	2,700	2,731,293
Series XVII-Q, AMT, 5.00%, 3/01/31	500	511,270
Michigan State University, Refunding RB, General, Series C:		
5.00%, 2/15/40	3,770	4,146,585
5.00%, 2/15/44	1,000	1,089,670
Saginaw Valley State University Michigan, Refunding RB, General (FGIC), 5.00%, 7/01/24	1,450	1,507,797
Western Michigan University, Refunding RB, General, 5.25%, 11/15/40	1,400	1,551,284
		20,946,791
<b>Health 24.8%</b>		
Dickinson County Healthcare System, Refunding RB (ACA), 5.80%, 11/01/24	2,170	2,170,043
Flint Hospital Building Authority Michigan, Refunding RB, Hurley Medical Center (ACA):		
6.00%, 7/01/20	640	643,488
Series A, 5.38%, 7/01/20	385	379,964
Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36	2,750	2,982,238
Kent Hospital Finance Authority Michigan, RB, Spectrum Health, Series A, 5.00%, 11/15/29	3,000	3,317,670
Michigan State Finance Authority, RB, Trinity Health Credit:		
5.00%, 12/01/31	1,900	2,077,365
5.00%, 12/01/35	1,900	2,026,046
Michigan State Hospital Finance Authority, RB: Ascension Health Senior Credit Group, 5.00%, 11/15/25	2,300	2,622,437
McLaren Health Care, Series C, 5.00%, 8/01/35	1,585	1,619,141
Mercy Health Services, Series R (AMBAC), 5.38%, 8/15/26 (a)	2,000	2,008,160
MidMichigan Obligation Group, Series A, 5.00%, 4/15/26	380	396,557



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MidMichigan Obligation Group, Series A (AMBAC), 5.50%, 4/15/18	1,000	1,006,400
Trinity Health Credit, Series A, 5.00%, 12/01/16 (a)	145	174,006
Trinity Health Credit, Series A, 5.00%, 12/01/26	855	919,800
Trinity Health Credit, Series C, 5.38%, 12/01/30	1,765	1,789,816

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (continued)</b>		
<b>Health (concluded)</b>		
Michigan State Hospital Finance Authority, Refunding RB:		
5.38%, 12/01/12 (a)	\$ 1,000	\$ 1,042,870
5.38%, 12/01/12 (a)	185	192,931
6.25%, 12/01/28	570	668,661
6.50%, 12/01/33	1,400	1,643,922
Hospital, Crittenton, Series A, 5.63%, 3/01/27	1,300	1,314,313
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/21	400	428,388
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/25	2,470	2,581,693
Hospital, Oakwood Obligation Group, Series A, 5.00%, 7/15/37	3,340	3,354,162
Hospital, Sparrow Obligated, 5.00%, 11/15/31	1,595	1,650,745
McLaren Health Care, 5.75%, 5/15/38	1,500	1,624,635
Trinity Health Credit, Series A, 6.13%, 12/01/23	940	1,131,826
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	1,000	1,236,620
Sturgis Building Authority, RB, Sturgis Hospital Project (FGIC), 4.75%, 10/01/34	3,525	3,583,022
		44,586,919
<b>Housing 5.8%</b>		
Michigan State HDA, RB:		
Deaconess Tower AMT (Ginnie Mae), 5.25%, 2/20/48	1,000	1,022,120
Series A, 4.75%, 12/01/25	2,675	2,815,866
Series A, 6.00%, 10/01/45	4,280	4,379,724
Series A (NPFGC), 5.30%, 10/01/37	20	20,009
Michigan State HDA, Refunding RB, Series A, 6.05%, 10/01/41	2,000	2,140,260
		10,377,979
<b>State 16.3%</b>		
Michigan Municipal Bond Authority, RB, Clean Water Revolving Fund:		
5.00%, 10/01/27	750	872,288
Pooled Project, 5.00%, 10/01/27	760	904,788
Michigan Municipal Bond Authority, Refunding RB, Local Government, Charter County Wayne, Series B (AGC):		
5.00%, 11/01/15	1,000	1,119,370
5.00%, 11/01/16	500	576,530
5.38%, 11/01/24	125	146,775
Michigan State Building Authority, RB, Facilities Program, Series H (AGM), 5.00%, 10/15/26	3,000	3,410,370
Michigan State Building Authority, Refunding RB:		
Series A, 5.50%, 10/15/45	750	846,788
Series I, 6.25%, 10/15/38	2,350	2,724,002
Series I (AGC), 5.25%, 10/15/24	2,000	2,325,520
Series I (AGC), 5.25%, 10/15/25	1,500	1,736,280

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Series I (AGC), 5.25%, 10/15/26	400	460,064
Series II (NPFGC), 5.00%, 10/15/29	2,000	2,059,540
Michigan State Finance Authority, RB, Local Government Loan Program, Series F, 5.25%, 10/01/41	2,510	2,646,017
Michigan Strategic Fund, RB, Cadillac Place Office Building Project, 5.25%, 10/15/31	1,000	1,109,860
State of Michigan, RB, GAB (AGM), 5.25%, 9/15/27	3,250	3,624,920

See Notes to Financial Statements.

20

SEMI-ANNUAL REPORT

JANUARY 31, 2012

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Schedule of Investments (continued)

**BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)**

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Michigan (concluded)</b>		
<b>State (concluded)</b>		
State of Michigan Trunk Line Revenue, RB, Fund:		
5.00%, 11/15/29	\$ 750	\$ 880,560
5.00%, 11/15/33	1,150	1,315,450
5.00%, 11/15/36	2,220	2,511,575
		29,270,697
<b>Transportation 11.2%</b>		
Wayne County Airport Authority, RB, Detroit		
Metropolitan Wayne County Airport, AMT (NPFGC):		
5.25%, 12/01/25	4,475	4,676,733
5.25%, 12/01/26	3,700	3,841,858
5.00%, 12/01/34	3,550	3,595,440
Wayne County Airport Authority, Refunding RB, AMT (AGC):		
5.75%, 12/01/26	3,060	3,347,395
5.38%, 12/01/32	4,300	4,550,045
		20,011,471
<b>Utilities 21.1%</b>		
City of Detroit Michigan, RB:		
Second Lien, Series B (AGM), 7.00%, 7/01/36		
	2,000	2,420,260
Senior Lien, Series A (AGM), 5.00%, 7/01/25		
	1,200	1,279,608
Senior Lien, Series A (NPFGC), 5.00%, 7/01/34		
	4,000	4,025,920
City of Detroit Michigan, Refunding RB, Second Lien, Series C (AGM), 5.00%, 7/01/29		
	6,475	6,663,228
City of Grand Rapids Michigan, RB (FGIC), 5.00%, 1/01/34		
	6,900	7,134,393
City of Grand Rapids Michigan, Refunding RB, Series A (NPFGC), 5.50%, 1/01/22		
	1,500	1,929,570
City of Port Huron Michigan, RB, Water Supply:		
5.25%, 10/01/31	190	206,807
5.63%, 10/01/40	500	542,035
City of Wyoming Michigan, RB, Sewer System (NPFGC), 5.00%, 6/01/30		
	5,300	5,563,145
Lansing Board of Water & Light, RB, Series A:		
5.00%, 7/01/27	1,210	1,397,550
5.00%, 7/01/31	2,600	2,928,276
5.00%, 7/01/37	1,270	1,410,894
5.50%, 7/01/41	2,000	2,321,960
		37,823,646
<b>Total Municipal Bonds in Michigan</b>		<b>231,836,353</b>
<b>Guam 2.0%</b>		
<b>State 1.6%</b>		
Government of Guam Business Privilege, RB, Series A, 5.13%, 1/01/42		
	1,800	1,958,220
Territory of Guam, RB, Section 30, Series A, 5.63%, 12/01/29		
	850	914,804
		2,873,024
<b>Utilities 0.4%</b>		

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Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37	640	693,274
<b>Total Municipal Bonds in Guam</b>		3,566,298

	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Puerto Rico 8.2%</b>		
<b>State 6.4%</b>		
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27	\$ 1,200	\$ 1,347,588
Puerto Rico Sales Tax Financing Corp., Refunding RB: CAB, Series A (NPFGC) 5.18%, 8/01/43 (b)	12,500	2,223,000
CAB, Series A (NPFGC) 5.00%, 8/01/46 (b)	30,000	4,421,100
First Sub-Series C (AGM), 5.13%, 8/01/42	3,200	3,462,048
		11,453,736
<b>Transportation 1.3%</b>		
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	2,000	2,387,240
<b>Utilities 0.5%</b>		
Puerto Rico Electric Power Authority, RB, 5.50%, 7/01/38	880	936,601
<b>Total Municipal Bonds in Puerto Rico</b>		14,777,577
<b>Total Municipal Bonds 139.4%</b>		250,180,228

<b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>		
<b>Michigan 11.4%</b>		
<b>County/City/Special District/ School District 4.2%</b>		
Lakewood Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/37	3,970	4,401,618
Portage Public Schools Michigan, GO, School Building & Site (AGM), 5.00%, 5/01/31	2,850	3,092,963
		7,494,581
<b>Education 6.2%</b>		
Saginaw Valley State University, Refunding RB, General (AGM), 5.00%, 7/01/31	2,500	2,724,275
Wayne State University, Refunding RB, General (AGM), 5.00%, 11/15/35	7,790	8,397,464
		11,121,739
<b>Health 1.0%</b>		
Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39	1,650	1,749,891
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 11.4%</b>		20,366,211
<b>Total Long-Term Investments (Cost \$253,548,109) 150.8%</b>		270,546,439

See Notes to Financial Statements.

Schedule of Investments (concluded)

**BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)**  
(Percentages shown are based on Net Assets)

	Shares	Value
<b>Short-Term Securities</b>		
BIF Michigan Municipal Money Fund, 0.00% (d)(e)	3,688,890	\$ 3,688,890
<b>Total Short-Term Securities</b>		
(Cost \$3,688,890) 2.1%		3,688,890
<b>Total Investments (Cost \$257,236,999) 152.9%</b>		274,235,329
<b>Other Assets Less Liabilities 1.3%</b>		2,333,911
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (5.5)%</b>		(9,858,402)
<b>VRDP Shares, at Liquidation Value (48.7)%</b>		(87,300,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 179,410,838

- (a) US 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) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (d) Investments in companies considered to be an affiliate of the Fund during the period, 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, 2011	Net Activity	Shares Held at January 31, 2012	Income
BIF Michigan Municipal Money Fund	3,018,268	670,622	3,688,890	

- (e) Represents the current yield as of report date.

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

Financial futures contracts sold as of January 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
20	10-Year US Treasury Note	Chicago Board of Trade	March 2012	\$ 2,645,000	\$ (35,038)

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

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Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 270,546,439		\$ 270,546,439
Short-Term Securities	\$ 3,688,890			3,688,890
<b>Total</b>	<b>\$ 3,688,890</b>	<b>\$ 270,546,439</b>		<b>\$ 274,235,329</b>

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>2</sup>				
Interest rate contracts	\$ (35,038)			\$ (35,038)

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

See Notes to Financial Statements.

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Schedule of Investments January 31, 2012 (Unaudited)

**BlackRock MuniYield New York Quality Fund, Inc. (MYN)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York 105.7%</b>		
<b>Corporate 3.7%</b>		
New York City Industrial Development Agency, Refunding RB, Terminal One Group Association Project, AMT, 5.50%, 1/01/24 (a)	\$ 1,500	\$ 1,596,435
New York Liberty Development Corp., RB, Goldman Sachs Headquarters, 5.25%, 10/01/35	3,400	3,726,842
New York State Energy Research & Development Authority, Refunding RB, Brooklyn Union Gas/Keyspan, Series A, AMT (FGIC), 4.70%, 2/01/24	4,750	5,032,577
Suffolk County Industrial Development Agency New York, RB, Keyspan, Port Jefferson, AMT, 5.25%, 6/01/27	4,625	4,745,620
Suffolk County Industrial Development Agency New York, Refunding RB, Ogden Martin System Huntington, AMT (AMBAC), 6.25%, 10/01/12	6,470	6,707,902
		21,809,376
<b>County/City/Special District/ School District 30.9%</b>		
Amherst Development Corp., RB, University at Buffalo Foundation Faculty-Student Housing Corp., Series A (AGM), 4.63%, 10/01/40	2,000	2,098,920
Buffalo & Erie County Industrial Land Development Corp., RB, Buffalo State College Foundation Housing Corp. Project, Series A, 5.38%, 10/01/41	1,040	1,136,668
City of New York, New York, GO: Series A-1, 5.00%, 8/01/35	1,950	2,194,744
Series D, 5.00%, 10/01/33	8,350	9,560,917
City of New York, New York, GO, Refunding: Series 02-B (AMBAC), 7.00%, 2/01/18	70	70,379
Series E, 5.00%, 8/01/27	1,070	1,247,374
County of Onondaga New York, RB, Syracuse University Project: 5.00%, 12/01/30	1,190	1,381,423
5.00%, 12/01/36	1,150	1,298,545
Dutchess County Resource Recovery Agency New York, RB, Solid Waste System, Series A (NPFGC), 5.40%, 1/01/13	1,700	1,734,221
Erie County Industrial Development Agency, RB: City of Buffalo Project (AGM), 5.75%, 5/01/12 (b)	1,900	1,926,543
School District of Buffalo Project, Series A, 5.25%, 5/01/31	2,305	2,654,715
Erie County Industrial Development Agency, Refunding RB, School District of Buffalo Project, Series A, 5.25%, 5/01/32	1,000	1,145,720
Hudson New York Yards Infrastructure Corp., RB, Series A: 5.00%, 2/15/47	750	770,468
(AGM), 5.00%, 2/15/47	4,580	4,759,536

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(FGIC), 5.00%, 2/15/47	3,985	4,093,751
(NPFGC), 4.50%, 2/15/47	17,525	17,311,370
New York City Industrial Development Agency, RB:		
Queens Baseball Stadium (AMBAC), 5.00%, 1/01/36	10,800	9,884,808
Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39	1,750	1,586,795
Yankee Stadium (AGC), 6.38%, 1/01/39	1,000	1,124,880

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>County/City/Special District/ School District (concluded)</b>		
New York City Industrial Development Agency, RB, PILOT:		
CAB, Yankee Stadium (AGC), 6.58%, 3/01/39 (c)	\$ 5,000	\$ 1,335,600
CAB, Yankee Stadium (AGC), 6.52%, 3/01/43 (c)	4,330	909,430
Yankee Stadium (FGIC), 5.00%, 3/01/46	9,650	9,819,454
Yankee Stadium (NPFGC), 5.00%, 3/01/36	2,250	2,314,800
New York City Transitional Finance Authority, RB:		
Fiscal 2008, Series S-1, 4.50%, 1/15/38	1,700	1,764,702
Fiscal 2009, Series S-1 (AGC), 5.50%, 7/15/38	6,000	6,713,640
Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/39	1,500	1,689,675
Future Tax Secured, Series C (FGIC), 5.00%, 2/01/33	12,395	13,223,854
Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/13 (b)	2,445	2,567,592
Future Tax Secured, Series E (NPFGC), 5.25%, 2/01/22	55	57,457
Future Tax Secured, Sub-Series D-1, 5.00%, 11/01/38	4,125	4,694,291
Series S-2 (AGM), 5.00%, 1/15/37	5,000	5,333,750
Series S-2 (NPFGC), 4.25%, 1/15/34	5,980	6,116,703
New York City Transitional Finance Authority, Refunding RB, Series A (FGIC), 5.00%, 11/15/26		
1,000	1,003,280	
New York Convention Center Development Corp., RB, Hotel Unit Fee Secured (AMBAC):		
5.00%, 11/15/30	1,500	1,579,665
5.00%, 11/15/35	11,600	12,069,568
5.00%, 11/15/44	14,470	14,906,415
New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project:		
5.00%, 11/15/31	2,570	2,809,010
5.75%, 11/15/51	3,460	3,937,238
North Country Development Authority, Refunding RB (AGM), 6.00%, 5/15/15		
840	901,144	
Saint Lawrence County Industrial Development Agency, RB, Clarkson University Project, 5.38%, 9/01/41		
500	560,185	
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC), 5.00%, 10/15/32		
11,200	12,207,216	
Syracuse Industrial Development Agency New York, RB, Carousel Center Project, Series A, AMT (Syncora), 5.00%, 1/01/36		
3,400	2,996,828	
Tompkins County Industrial Development Agency, RB, Civic Facility Cornell University Project, Series A, 5.00%, 7/01/37		
675	762,946	
Town of Huntington New York, GO, Refunding (AMBAC):		



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5.50%, 4/15/12	460	465,069
5.50%, 4/15/13	455	483,792
Town of North Hempstead New York, GO, Refunding, Series B (NPFGC):		
6.40%, 4/01/13	1,745	1,864,498
6.40%, 4/01/17	555	698,673
		179,768,252

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

23

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## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Education 14.8%</b>		
City of Troy New York, Refunding RB, Rensselaer Polytechnic, Series A, 5.13%, 9/01/40	\$ 5,725	\$ 6,124,433
Madison County Industrial Development Agency New York, RB, Colgate University Project, Series A (AMBAC):		
5.00%, 7/01/30	5,410	5,843,720
5.00%, 7/01/35	2,675	2,846,548
Monroe County Industrial Development Corp., RB, University of Rochester Project, Series B, 4.50%, 7/01/35	3,885	4,079,638
New York City Industrial Development Agency, RB, New York University Project (BHAC), 5.00%, 7/01/41	7,000	7,006,160
New York City Industrial Development Agency, Refunding RB, Nightingale-Bamford School (AMBAC), 5.25%, 1/15/18	1,275	1,321,015
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/33	5,500	6,286,830
New York City Trust for Cultural Resources, Refunding RB, Museum of Modern Art, Series 1A, 5.00%, 4/01/31	1,000	1,120,640
New York State Dormitory Authority, LRB, State University Dormitory Facilities, Series A:		
5.00%, 7/01/35	800	883,736
5.00%, 7/01/40	2,035	2,226,310
New York State Dormitory Authority, RB:		
Convent of the Sacred Heart (AGM), 5.75%, 11/01/40	2,075	2,414,346
Cornell University, Series A, 5.00%, 7/01/40	1,000	1,124,800
Fordham University, Series A, 5.00%, 7/01/28	325	373,084
Fordham University, Series A, 5.50%, 7/01/36	1,550	1,767,434
General Purpose, Series A, 4.50%, 3/15/35	2,000	2,161,460
Haverstraw King s Daughters Public Library, 4.00%, 7/01/28	565	601,488
Haverstraw King s Daughters Public Library, 4.00%, 7/01/29	585	617,801
Haverstraw King s Daughters Public Library, 4.00%, 7/01/30	610	637,962
Mount Sinai School of Medicine, 5.13%, 7/01/39	665	718,785
Mount Sinai School of Medicine at NYU (NPFGC), 5.00%, 7/01/35	7,100	7,463,662
New School (AGM), 5.50%, 7/01/43	4,050	4,532,557
New York University, Series 1 (AMBAC), 5.50%, 7/01/40	4,580	6,007,174
New York University, Series B, 5.00%, 7/01/34	1,000	1,106,840
New York University, Series C, 5.00%, 7/01/38	2,000	2,167,440
Rensselaer County Industrial Development Agency New York, RB, Polytechnic Institute, Series B	1,255	1,259,405

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(AMBAC), 5.50%, 8/01/22

Tompkins County Development Corp., RB, Ithaca

College Project (AGM):

5.50%, 7/01/33	500	575,185
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5.25%, 7/01/36	860	955,598
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Troy Industrial Development Authority, RB, Rensselaer

Polytechnic Institute Project, Series E, 5.20%,

4/01/37	2,280	2,458,273
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	<b>Par</b>	
	<b>(000)</b>	<b>Value</b>

**Municipal Bonds**

**New York (continued)**

**Education (concluded)**

Trust for Cultural Resources, RB, Carnegie Hall,

Series A:

4.75%, 12/01/39	\$ 3,550	\$ 3,754,267
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5.00%, 12/01/39	2,150	2,311,207
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Trust for Cultural Resources, Refunding RB, American

Museum of Natural History, Series A (NPFGC):

5.00%, 7/01/36	4,750	4,932,590
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5.00%, 7/01/44	500	516,400
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86,196,788

**Health 10.2%**

Dutchess County Industrial Development Agency,

RB, Vassar Brothers Medical Center (AGC):

5.50%, 4/01/30	250	281,120
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5.50%, 4/01/34	490	546,017
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Monroe County Industrial Development Corp., RB,

Unity Hospital of Rochester Project (FHA),

5.50%, 8/15/40	4,650	5,265,102
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New York City Health & Hospital Corp., Refunding RB,

Health System, Series A, 5.00%, 2/15/30

2,200	2,427,832
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New York City Industrial Development Agency, RB,

Royal Charter, New York Presbyterian (AGM),

5.75%, 12/15/29	7,970	8,157,773
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New York State Dormitory Authority, MRB, Montefiore

Hospital (FGIC), 5.00%, 8/01/33

1,500	1,557,045
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New York State Dormitory Authority, RB:

Healthcare, Series A, 5.00%, 3/15/38

2,000	2,202,160
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Hudson Valley Hospital (BHAC), 5.00%, 8/15/36

6,500	6,983,600
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New York & Presbyterian Hospital (AGM),

5.00%, 8/15/36	5,000	5,167,100
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New York University Hospitals Center, Series A,

5.75%, 7/01/31	3,450	3,838,643
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New York University Hospitals Center, Series A,

5.00%, 7/01/36	1,500	1,526,985
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New York University Hospitals Center, Series A,

6.00%, 7/01/40	1,100	1,212,882
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North Shore-Long Island Jewish Health System,

Series A, 5.50%, 5/01/37	2,075	2,299,349
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North Shore-Long Island Jewish Obligated Group,

Series A, 5.00%, 5/01/32	4,000	4,364,680
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North Shore-Long Island Jewish Obligated Group,

Series A, 5.25%, 5/01/34	9,220	10,208,384
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New York State Dormitory Authority, Refunding RB,

Saint Luke's Roosevelt Hospital (FHA), 4.90%,

8/15/31	2,900	3,071,651
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59,110,323

**Housing 3.5%**

Monroe County Industrial Development Agency,

IDRB, Southview Towers Project, AMT (SONYMA):

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6.13%, 2/01/20	925	927,498
6.25%, 2/01/31	1,125	1,127,047
New York City Housing Development Corp., RB, AMT:		
Series A-1-A, 5.00%, 11/01/30	750	761,198
Series A-1-A, 5.45%, 11/01/46	1,335	1,348,524
Series C, 5.00%, 11/01/26	1,500	1,540,095
Series C, 5.05%, 11/01/36	2,000	2,052,700
Series H-1, 4.70%, 11/01/40	1,340	1,341,260
Series H-2-A, 5.20%, 11/01/35	840	854,624
Series H-2-A, 5.35%, 5/01/41	600	605,544

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Housing (concluded)</b>		
New York Mortgage Agency, Refunding RB, AMT:		
Homeowner Mortgage, Series 97, 5.50%, 4/01/31	\$ 945	\$ 945,633
Series 133, 4.95%, 10/01/21	520	537,529
Series 143, 4.85%, 10/01/27	1,100	1,114,476
Series 143, 4.90%, 10/01/37	940	951,054
Series 143 (NPFGC), 4.85%, 10/01/27	2,485	2,542,950
New York State HFA, RB, State Philips Housing, Series A, AMT (Fannie Mae), 4.65%, 11/15/38	1,500	1,511,370
Yonkers Industrial Development Agency New York, RB, Monastery Manor Associates LP Project, AMT (SONYMA), 5.25%, 4/01/37	2,445	2,509,279
		20,670,781
<b>State 7.1%</b>		
New York State, GO, Series E, 3.75%, 12/15/31	2,000	2,082,440
New York State Dormitory Authority, ERB, Series C, 5.00%, 12/15/31	6,230	7,071,735
New York State Dormitory Authority, RB: Master BOCES Program Lease (AGC), 5.00%, 8/15/28	1,750	1,983,293
Mental Health Services Facilities, Series B, 5.25%, 2/15/14 (b)	1,570	1,719,731
School Districts Financing Program, Series A (AGM), 5.00%, 10/01/35	550	591,465
School Districts Financing Program, Series C (AGM), 5.00%, 10/01/37	4,050	4,344,556
School Districts Financing Program, Series E (NPFGC), 5.75%, 10/01/30	6,900	7,098,858
New York State Thruway Authority, RB: Second General, Series B, 5.00%, 4/01/27	1,500	1,695,240
Series A (AMBAC), 5.00%, 4/01/26	4,380	4,832,147
New York State Urban Development Corp., RB: Personal Income Tax, Series C-1 (NPFGC), 5.00%, 3/15/13 (b)	3,000	3,159,570
State Personal Income Tax, Series A, 3.50%, 3/15/28	1,500	1,566,750
State Personal Income Tax, State Facilities, Series A-1 (NPFGC), 5.00%, 3/15/29	5,000	5,356,500
		41,502,285
<b>Tobacco 1.3%</b>		
Tobacco Settlement Financing Corp. New York, RB:		
Series A-1 (AMBAC), 5.25%, 6/01/20	5,000	5,298,600
Series B-1C, 5.50%, 6/01/22	1,900	2,019,757
		7,318,357
<b>Transportation 22.8%</b>		
Hudson New York Yards Infrastructure Corp., RB: (AGC), 5.00%, 2/15/47		
Series A (NPFGC), 5.00%, 2/15/47	4,300	4,468,560
Metropolitan Transportation Authority, RB:	550	571,560

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Series 2008C, 6.50%, 11/15/28	3,200	3,987,136
Transportation, Series A, 5.00%, 11/15/27	1,000	1,166,120
Transportation, Series D, 5.25%, 11/15/29	1,000	1,146,030
Transportation, Series D, 5.25%, 11/15/41	4,000	4,473,680

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (continued)</b>		
<b>Transportation (concluded)</b>		
Metropolitan Transportation Authority, Refunding RB:		
Series A, 5.13%, 1/01/29	\$ 1,000	\$ 1,015,380
Series A (AGM), 5.00%, 11/15/32	1,015	1,044,983
Series A (NPFGC), 5.13%, 11/15/22	1,390	1,431,839
Series B, 5.00%, 11/15/34	1,500	1,659,705
Series C (AGM), 5.13%, 7/01/12 (b)	1,640	1,673,833
Transportation, Series F (NPFGC), 5.25%, 11/15/12 (b)	6,235	6,483,028
New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction, 5.25%, 12/15/43	3,500	3,976,105
New York State Thruway Authority, RB:		
Series F (AMBAC), 5.00%, 1/01/30	6,000	6,440,280
Series G (AGM), 4.75%, 1/01/29	7,250	7,766,128
Series G (AGM), 4.75%, 1/01/30	9,000	9,619,380
Series G (AGM), 5.00%, 1/01/30	2,000	2,171,620
Series G (AGM), 5.00%, 1/01/32	1,030	1,126,006
Niagara Falls Bridge Commission, Refunding RB, Bridge System, Series A (AGC), 4.00%, 10/01/19	1,900	2,099,348
Niagara Frontier Transportation Authority New York, RB, Buffalo Niagara International Airport, Series B (NPFGC), 5.50%, 4/01/19	2,705	2,706,028
Port Authority of New York & New Jersey, RB:		
124th Series, AMT (NPFGC), 5.00%, 8/01/36	500	500,480
163rd Series, 5.00%, 7/15/35	2,500	2,821,150
Port Authority of New York & New Jersey, RB, JFK International Air Terminal, Special Project, Series 6, AMT (NPFGC):		
6.25%, 12/01/13	4,425	4,607,000
6.25%, 12/01/14	7,380	7,791,804
5.75%, 12/01/22	10,160	10,160,508
5.75%, 12/01/25	3,500	3,499,825
Triborough Bridge & Tunnel Authority, RB:		
Sub-Series A (NPFGC), 5.25%, 11/15/30	6,000	6,368,220
Subordinate Bonds (AMBAC), 5.00%, 11/15/28	1,965	2,059,163
Triborough Bridge & Tunnel Authority, Refunding RB:		
Series C, 5.00%, 11/15/38	2,000	2,210,300
Series E (NPFGC), 5.25%, 11/15/23	7,000	7,217,490
Series E (NPFGC), 5.00%, 11/15/32	19,675	20,200,913
		132,463,602
<b>Utilities 11.4%</b>		
Buffalo Sewer Authority New York, Refunding RB, Series F (NPFGC), 6.00%, 7/01/13		
	2,275	2,357,583
Long Island Power Authority, RB, Series A:		
(AGM), 5.00%, 5/01/36	3,775	4,143,855
(AMBAC), 5.00%, 9/01/29	7,000	7,507,710
Long Island Power Authority, Refunding RB:		
General, Series A (AGC), 6.00%, 5/01/33	1,500	1,793,340
General, Series B (AGM), 5.00%, 12/01/35	4,000	4,207,880
Series A (AGC), 5.75%, 4/01/39	1,015	1,173,908
New York City Municipal Water Finance Authority, RB:		
Second General Resolution, Series FF, 5.00%, 6/15/31	1,500	1,721,805

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Second General Resolution, Series GG, 5.00%, 6/15/39	1,000	1,098,730
Second General Resolution, Series HH, 5.00%, 6/15/32	9,900	11,436,876
Series B, 5.00%, 6/15/36	2,000	2,137,300
Series DD, 5.00%, 6/15/32	6,750	7,508,903
Series DD (AGM), 4.50%, 6/15/39	1,000	1,047,900

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

25

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## Schedule of Investments (continued)

**BlackRock MuniYield New York Quality Fund, Inc. (MYN)**  
 (Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>New York (concluded)</b>		
<b>Utilities (concluded)</b>		
New York City Municipal Water Finance Authority, Refunding RB:		
Second General Resolution, Fiscal 2011, Series BB, 5.00%, 6/15/31		
	\$ 1,000	\$ 1,147,870
Series D (AGM), 5.00%, 6/15/37		
	9,000	9,900,810
New York State Environmental Facilities Corp., RB, Revolving Funds, New York City Municipal Water, 5.00%, 6/15/36		
	2,100	2,374,848
New York State Environmental Facilities Corp., Refunding RB, Revolving Funds, New York City Municipal Water, Series B, 5.00%, 6/15/33		
	1,040	1,174,597
New York State Power Authority, RB, Series A, 5.00%, 11/15/38		
	4,920	5,574,950
		66,308,865
<b>Total Municipal Bonds in New York</b>		<b>615,148,629</b>
<b>Guam 1.0%</b>		
<b>Transportation 0.7%</b>		
Guam International Airport Authority, Refunding RB, Series C, AMT (NPFGC):		
5.25%, 10/01/21		
	2,240	2,243,674
5.25%, 10/01/22		
	2,050	2,053,075
		4,296,749
<b>Utilities 0.3%</b>		
Guam Power Authority, Refunding RB, Series A (AGM), 5.00%, 10/01/37		
	1,380	1,494,871
<b>Total Municipal Bonds in Guam</b>		<b>5,791,620</b>
<b>Puerto Rico 12.4%</b>		
<b>Housing 0.7%</b>		
Puerto Rico Housing Finance Authority, Refunding RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27		
	3,500	3,829,945
<b>State 6.9%</b>		
Commonwealth of Puerto Rico, GO, Refunding (NPFGC):		
Public Improvement, Series A, 5.50%, 7/01/20		
	2,000	2,304,320
Sub-Series C-7, 6.00%, 7/01/27		
	2,000	2,212,420
Sub-Series C-7, 6.00%, 7/01/28		
	4,775	5,256,702
Puerto Rico Infrastructure Financing Authority, RB, Series A (c):		
(AMBAC), 4.67%, 7/01/35		
	3,900	927,576
(AMBAC), 5.02%, 7/01/43		
	8,000	1,080,880
(FGIC), 4.62%, 7/01/31		
	22,030	7,188,169
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities Series M-3 (NPFGC), 6.00%, 7/01/28		
	2,850	3,200,521
Puerto Rico Sales Tax Financing Corp., RB:		
First Sub-Series A, 5.63%, 8/01/30		
	2,000	2,126,500



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First Sub-Series A, 5.75%, 8/01/37	7,150	8,002,995
First Sub-Series A (AGM), 5.00%, 8/01/40	2,100	2,247,021
Senior Series C, 5.25%, 8/01/40	2,035	2,259,888

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Puerto Rico (concluded)</b>		
<b>State (concluded)</b>		
Puerto Rico Sales Tax Financing Corp., Refunding		
RB (NPFGC) (c):		
5.96%, 8/01/43	\$ 4,000	\$ 711,360
CAB, Series A, 5.75%, 8/01/41	12,800	2,553,216
		40,071,568
<b>Transportation 3.7%</b>		
Puerto Rico Highway & Transportation Authority, RB:		
Series G (FGIC), 5.25%, 7/01/13 (b)	655	700,411
Series G (FGIC), 5.25%, 7/01/13 (b)	345	368,919
Series Y (AGM), 6.25%, 7/01/21	6,275	7,527,992
Puerto Rico Highway & Transportation Authority, Refunding RB:		
Series AA-1 (AGM), 4.95%, 7/01/26	3,660	3,968,904
Series CC (AGM), 5.50%, 7/01/29	2,500	3,002,150
Series CC (AGM), 5.50%, 7/01/31	2,500	2,984,050
Series D, 5.75%, 7/01/12 (b)	3,000	3,068,010
		21,620,436
<b>Utilities 1.1%</b>		
Puerto Rico Aqueduct & Sewer Authority, RB, Senior Lien, Series A (AGC), 5.13%, 7/01/47		
	1,950	2,051,595
Puerto Rico Electric Power Authority, RB, Series RR (NPFGC), 5.00%, 7/01/24		
	1,000	1,056,130
Puerto Rico Electric Power Authority, Refunding RB, Series VV (NPFGC), 5.25%, 7/01/30		
	3,000	3,464,010
		6,571,735
<b>Total Municipal Bonds in Puerto Rico</b>		
		72,093,684
<b>Total Municipal Bonds 119.1%</b>		
		693,033,933

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

<b>New York 36.9%</b>		
<b>County/City/Special District/ School District 14.5%</b>		
City of New York, New York, GO:		
Series J, 5.00%, 5/15/23	6,750	7,363,710
Sub-Series C-3 (AGC), 5.75%, 8/15/28	14,400	17,413,632
New York Convention Center Development Corp., RB, Hotel Unit Fee Secured (AMBAC), 5.00%, 11/15/35		
	20,000	20,809,600
New York State Dormitory Authority, RB, State University Dormitory Facilities, Series A, 5.25%, 7/01/29		
	6,000	6,904,500
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC):		
5.25%, 10/15/27	13,000	14,293,565
5.00%, 10/15/32	16,000	17,592,080
		84,377,087

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock MuniYield New York Quality Fund, Inc. (MYN)  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (d) New York (concluded)</b>		
<b>Education 3.3%</b>		
New York State Dormitory Authority, LRB, State University Dormitory Facilities, Series A, 5.00%, 7/01/35	\$ 5,198	\$ 5,831,790
New York State Dormitory Authority, RB, New York University, Series A: 5.00%, 7/01/38	6,498	7,042,327
(AMBAC), 5.00%, 7/01/37	5,707	6,140,989
		19,015,106
<b>State 2.7%</b>		
New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36	7,850	9,257,897
New York State Dormitory Authority, RB, Mental Health Services Facilities, Series C, AMT (AGM), 5.40%, 2/15/33	6,297	6,695,752
		15,953,649
<b>Transportation 14.3%</b>		
Hudson New York Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47	9,739	11,005,368
Metropolitan Transportation Authority, RB, Series A (NPFGC), 5.00%, 11/15/31	3,901	4,339,682
New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Construction, 5.25%, 12/15/43	18,000	20,448,540
New York State Thruway Authority, RB, Series G (AGM), 5.00%, 1/01/32	16,000	17,491,360
New York State Thruway Authority, Refunding RB, Series H (AGM), 5.00%, 1/01/37	10,000	10,772,900
Port Authority of New York & New Jersey, RB: Consolidated, 155th Series, AMT (AGM), 5.13%, 7/15/30	2,500	2,633,450
Consolidated, 169th Series, 5.00%, 10/15/25	7,990	9,326,571
Consolidated, 169th Series, 5.00%, 10/15/26	6,000	6,948,900
		82,966,771
<b>Utilities 2.1%</b>		
New York City Municipal Water Finance Authority, RB: Fiscal 2009, Series A, 5.75%, 6/15/40	4,094	4,783,938
Second General Resolution, Fiscal 2012, Series B, AMT, 5.00%, 6/15/44	3,991	4,444,844
Series FF-2, 5.50%, 6/15/40	2,759	3,176,988
		12,405,770
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 36.9%</b>		214,718,383
<b>Total Long-Term Investments (Cost \$848,905,956) 156.0%</b>		907,752,316
<b>Short-Term Securities</b>	<b>Shares</b>	<b>Value</b>
BIF New York Municipal Money Fund, 0.00% (e)(f)	17,806,810	\$ 17,806,810

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<b>Total Short-Term Securities</b>		
(Cost \$17,806,810) 3.1%		17,806,810
<b>Total Investments (Cost \$866,712,766) 159.1%</b>		<b>925,559,126</b>
<b>Other Assets Less Liabilities 1.3%</b>		<b>7,415,866</b>
<b>Liability for TOB Trust Certificates, Including</b>		
<b>Interest Expense and Fees Payable (17.8)%</b>		<b>(103,552,956)</b>
<b>VRDP Shares, at Liquidation Value (42.6)%</b>		<b>(247,700,000)</b>
<b>Net Assets Applicable to Common Shares 100.0%</b>		<b>\$ 581,722,036</b>

- (a) Variable rate security. Rate shown is as of report date.
- (b) US 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) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (e) Represents the current yield as of report date.
- (f) Investments in companies considered to be an affiliate of the Fund during the period, 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, 2011	Net Activity	Shares Held at January 31, 2012	Income
BIF New York Municipal Money Fund	14,521,616	3,285,194	17,806,810	\$ 1

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

Financial futures contracts sold as of January 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
168	10-Year US Treasury Note	Chicago Board of Trade	March 2012	\$ 22,218,000	\$ (294,319)

See Notes to Financial Statements.

## Schedule of Investments (concluded)

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

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

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 907,752,316		\$ 907,752,316
Short-Term Securities	\$ 17,806,810			17,806,810
<b>Total</b>	\$ 17,806,810	\$ 907,752,316		\$ 925,559,126

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate contracts	\$ (294,319)			\$ (294,319)

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

See Notes to Financial Statements.



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Schedule of Investments January 31, 2012 (Unaudited)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Alabama 0.4%</b>		
Birmingham Special Care Facilities Financing Authority, RB, Children's Hospital (AGC), 6.00%, 6/01/39	\$ 3,605	\$ 4,134,575
<b>Alaska 1.7%</b>		
Alaska Housing Finance Corp., RB, General Housing, Series B (NPFGC), 5.25%, 12/01/30	2,000	2,073,380
Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41	2,690	3,029,101
Borough of Matanuska-Susitna Alaska, RB, Goose Creek Correctional Center (AGC), 6.00%, 9/01/28	10,150	12,339,558
		17,442,039
<b>Arizona 0.6%</b>		
Maricopa County & Phoenix Industrial Development Authorities, Refunding RB, S/F, Series A-2, AMT (Ginnie Mae), 5.80%, 7/01/40	1,420	1,463,963
State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/27	3,725	4,225,454
		5,689,417
<b>California 11.9%</b>		
Alameda Corridor Transportation Authority, Refunding RB, CAB, Subordinate Lien, Series A (AMBAC), 5.40%, 10/01/24 (a)	10,000	9,840,600
California Health Facilities Financing Authority, Refunding RB:		
Saint Joseph Health System, Series A, 5.75%, 7/01/39	1,550	1,699,621
Sutter Health, Series B, 5.88%, 8/15/31	3,200	3,790,464
California HFA, RB, AMT, Home Mortgage, Series K, 5.50%, 2/01/42	3,925	3,912,872
California State University, RB, Systemwide, Series A: 5.50%, 11/01/39	1,525	1,687,855
(NPFGC), 5.00%, 11/01/32	9,865	10,265,322
California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/37	3,545	3,940,728
California Statewide Communities Development Authority, RB (AGM):		
Saint Joseph Health System, Series E, 5.25%, 7/01/47	5,000	5,281,800
Sutter Health, Series D, 5.05%, 8/15/38	300	315,495
City of Redding California, COP, Refunding, Series A (AGM), 5.00%, 6/01/30	1,900	2,098,018
City of San Jose California, RB, Series A-1, AMT, 5.75%, 3/01/34	2,300	2,541,224
City of San Jose California, Refunding RB, Series A, AMT (AMBAC), 5.50%, 3/01/32	11,965	12,664,235
Coast Community College District, GO, Election of 2002, Series C (AGM), 6.05%, 8/01/33 (b)	8,100	2,559,600
County of Sacramento California, RB, Senior Series A (AGM), 5.00%, 7/01/41	14,500	15,329,835

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Dublin Unified School District California, GO, CAB, Election of 2004, Series D, 6.95%, 8/01/34 (b)	5,000	1,285,250
Fairfield-Suisun Unified School District California, GO, Election of 2002 (NPFGC), 5.50%, 8/01/28	5,800	6,300,018
Long Beach Unified School District, GO, Election of 2008, Series B, 6.53%, 8/01/34 (b)	5,000	1,592,600

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32	\$ 1,200	\$ 1,312,572
Norwalk-La Mirada Unified School District California, GO, Refunding, CAB, Election of 2002, Series E (AGC), 6.47%, 8/01/38 (b)	7,620	1,818,665
Oceanside Unified School District California, GO, Series A (AGC), 5.25%, 8/01/33	2,500	2,783,100
Port of Oakland, Refunding RB, Series M (NPFGC), 5.38%, 11/01/27	8,030	8,136,719
Poway Unified School District, GO, CAB, School Facilities Improvement, District, Election of 2008, Series B, 6.27%, 8/01/36 (b)	10,000	2,836,200
Rio Hondo Community College District California, GO, CAB, Election of 2004, Series C, 6.17%, 8/01/38 (b)	12,940	3,378,763
San Bernardino Community College District, GO, Election of 2002, Series C (AGM), 5.00%, 8/01/31	2,165	2,400,141
San Joaquin County Transportation Authority, RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/36	1,830	2,197,501
San Marcos Unified School District, GO, Election of 2010, Series A:		
5.00%, 8/01/34	1,800	1,998,180
5.00%, 8/01/38	1,600	1,754,592
State of California, GO, Series 2007-2 (NPFGC), 5.50%, 4/01/30	10	10,674
Walnut Valley Unified School District, GO, CAB, Election of 2007, Series B, 6.15%, 8/01/36 (b)	6,545	1,865,652
West Valley-Mission Community College District, GO, Election of 2004, Series A (AGM), 5.00%, 8/01/30	3,600	3,889,944
		119,488,240
<b>Connecticut 0.5%</b>		
Connecticut Housing Finance Authority, RB, Sub-Series E-2, 5.00%, 11/15/31	3,465	3,627,474
Connecticut State Health & Educational Facilities Authority, RB, Hartford Healthcare, Series A, 5.00%, 7/01/32	765	823,890
		4,451,364
<b>Florida 14.4%</b>		
Broward County School Board Florida, COP, Series A (AGM), 5.25%, 7/01/33	15,000	16,192,200
Collier County School Board, COP (AGM), 5.00%, 2/15/23	5,000	5,486,000
County of Broward Florida, Water & Sewer Utility, RB, Series A, 5.25%, 10/01/34	2,250	2,521,980
County of Lee Florida, Refunding RB, Series A, AMT: 5.63%, 10/01/26	2,600	2,887,170
5.38%, 10/01/32	3,440	3,715,613



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County of Miami-Dade Florida, GO, Building Better  
Communities Program:

Series B, 6.38%, 7/01/28	6,000	7,279,920
Series B-1, 5.75%, 7/01/33	3,700	4,257,183

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

29

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## Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Florida (concluded)</b>		
County of Miami-Dade Florida, RB:		
Miami International Airport, AMT (NPFGC), 5.38%, 10/01/25	\$ 7,500	\$ 7,618,050
Miami International Airport, AMT (NPFGC), 5.38%, 10/01/27	1,000	1,012,840
Miami International Airport, Series A, AMT (AGM), 5.50%, 10/01/41	19,020	20,103,760
Water & Sewer System (AGM), 5.00%, 10/01/39	11,700	12,736,854
County of Miami-Dade Florida, Refunding RB:		
Miami International Airport (AGC), 5.00%, 10/01/40	11,000	11,271,700
Series C (BHAC), 6.00%, 10/01/23	20,095	24,443,558
Transit System Sales Surtax (AGM), 5.00%, 7/01/35	2,800	2,997,876
Highlands County Health Facilities Authority, RB, Adventist Health System/Sunbelt, Series B, 6.00%, 11/15/37	1,750	2,002,280
Miami-Dade County School Board, COP, RB, Series B (AGC), 5.25%, 5/01/31	1,010	1,108,990
Orange County School Board, COP, Series A (AGC), 5.50%, 8/01/34	12,000	13,361,880
Sarasota County Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39	5,135	5,492,293
		144,490,147
<b>Georgia 1.8%</b>		
Burke County Development Authority, RB, Oglethorpe Power Corp., Vogtle Project, Series C, 5.70%, 1/01/43	6,450	6,942,135
City of Atlanta Georgia, RB, General, Series B (AGM), 5.25%, 1/01/33	10,000	10,728,500
Gwinnett County Hospital Authority, Refunding RB, Gwinnett Hospital System, Series D (AGM), 5.50%, 7/01/41	525	574,035
		18,244,670
<b>Illinois 17.6%</b>		
Chicago Board of Education Illinois, GO, Series A, 5.50%, 12/01/39	6,470	7,331,028
Chicago Park District, GO, Harbor Facilities, Series C: 5.25%, 1/01/37	4,000	4,422,320
5.25%, 1/01/40	1,505	1,660,316
Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36	1,620	1,811,160
City of Chicago Illinois, ARB, General, Third Lien, Series B-2, AMT (NPFGC): 5.25%, 1/01/27	10,000	10,362,800
6.00%, 1/01/27	26,230	27,992,918
City of Chicago Illinois, GO, CAB, City Colleges (NPFGC) (b):		

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5.60%, 1/01/29	4,000	1,853,240
5.70%, 1/01/33	7,950	2,722,239
City of Chicago Illinois, RB, Series A:		
O Hare International Airport, General, Third Lien,		
5.75%, 1/01/39	9,000	10,272,600
Second Lien (AMBAC), 5.00%, 11/01/36	3,500	3,620,750

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Illinois (concluded)</b>		
City of Chicago Illinois, Refunding RB, ARB, O Hare International Airport, General, Third Lien, Series C-2, AMT (AGM), 5.25%, 1/01/30	\$ 16,400	\$ 16,710,288
Illinois Finance Authority, RB, Series A, 5.75%, 8/15/34	8,700	9,367,812
Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39	5,250	6,037,972
Illinois Municipal Electric Agency, RB, Series A (NPFGC):		
5.00%, 2/01/35	18,400	19,439,784
5.25%, 2/01/35	15,000	15,996,000
Illinois State Toll Highway Authority, RB, Series B:		
5.50%, 1/01/33	4,000	4,403,880
(BHAC), 5.50%, 1/01/33	2,000	2,213,160
Kane, Kendall, Etc. Counties Community College District No. 516 Illinois, GO, CAB, Series E (NPFGC), 5.21%, 12/15/25 (b)	5,000	2,527,250
Metropolitan Pier & Exposition Authority, RB, CAB, McCormick Place Expansion Project, Series A (NPFGC) (b):		
5.15%, 12/15/26	10,000	5,476,400
5.76%, 6/15/32	14,000	5,119,100
5.97%, 12/15/34	41,880	12,973,168
Metropolitan Pier & Exposition Authority, Refunding RB, CAB, McCormick Place Expansion Project, Series B (AGM), 6.25%, 6/15/44 (b)	9,430	1,628,184
Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28	1,700	1,906,244
Regional Transportation Authority, RB, Series C (NPFGC), 7.75%, 6/01/20	1,000	1,257,910
		177,106,523
<b>Indiana 2.9%</b>		
City of Indianapolis Indiana, Refunding RB, Second Lien, Series B (AGC), 5.25%, 8/15/27	5,000	5,589,100
Indiana Finance Authority, RB, Wastewater Utility, 5.25%, 10/01/38	2,900	3,242,374
Indiana Municipal Power Agency, RB:		
Series A (NPFGC), 5.00%, 1/01/37	3,850	4,071,221
Series B, 5.75%, 1/01/34	1,050	1,122,838
Series B, 6.00%, 1/01/39	5,000	5,702,500
Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A:		
5.75%, 1/01/38	2,900	3,274,883
(AGC), 5.25%, 1/01/29	1,350	1,526,715
(AGC), 5.50%, 1/01/38	4,250	4,765,270
		29,294,901
<b>Iowa 3.3%</b>		
Iowa Finance Authority, RB, Series A (AGC), 5.63%, 8/15/37	12,650	13,950,294
Iowa Student Loan Liquidity Corp., RB, Senior Series A-2, AMT:		

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5.60%, 12/01/26	4,530	4,851,449
5.70%, 12/01/27	4,530	4,813,397
5.75%, 12/01/28	2,400	2,536,392
5.80%, 12/01/29	3,060	3,233,471
5.85%, 12/01/30	3,170	3,341,782
		32,726,785

See Notes to Financial Statements.

30

SEMI-ANNUAL REPORT

JANUARY 31, 2012

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## Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Kentucky 1.0%</b>		
Kentucky State Property & Buildings Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/28	\$ 4,000	\$ 4,586,200
Louisville & Jefferson County Metropolitan Sewer District Kentucky, RB, Series A (NPFGC), 5.25%, 5/15/37	5,000	5,429,400
		10,015,600
<b>Louisiana 0.9%</b>		
Jefferson Parish Hospital Service District No. 1, Refunding RB, Jefferson Medical Center, Series A (AGM), 6.00%, 1/01/39	2,150	2,391,316
New Orleans Aviation Board Louisiana, RB, New Orleans Aviation, Series A, AMT (AGM), 5.25%, 1/01/32	6,505	6,932,964
		9,324,280
<b>Massachusetts 4.2%</b>		
Massachusetts HFA, RB: S/F Housing, Series 128, AMT (AGM), 4.88%, 12/01/38 (c)	8,060	8,185,978
Series B, 7.00%, 12/01/38	3,150	3,565,075
Massachusetts HFA, Refunding RB: Housing Development, Series B (NPFGC), 5.40%, 12/01/28	1,835	1,836,193
Rental Housing, Series A, AMT (AGM), 5.15%, 7/01/26	15,490	15,709,029
Series C, AMT, 5.35%, 12/01/42	3,100	3,258,565
Massachusetts Port Authority, Refunding RB, BOSFUEL Project, AMT (NPFGC), 5.00%, 7/01/38	8,925	9,042,899
		41,597,739
<b>Michigan 8.4%</b>		
City of Detroit Michigan, RB, Series B (AGM): Second Lien, 6.25%, 7/01/36	1,075	1,246,807
Second Lien, 7.00%, 7/01/36	500	605,065
Senior Lien, 7.50%, 7/01/33	1,000	1,262,250
City of Detroit Michigan, Refunding RB: Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27	1,500	1,857,975
Senior Lien, Series D (AGM), 5.00%, 7/01/23	5,000	5,365,700
Series D (NPFGC), 5.00%, 7/01/33	5,000	5,109,000
Kalamazoo Hospital Finance Authority, RB, Bronson Methodist Hospital (AGM), 5.25%, 5/15/36	410	444,625
Lansing Board of Water & Light Utilities, RB, Series A, 5.50%, 7/01/41	3,185	3,697,721
Michigan State Building Authority, Refunding RB, Facilities Program: Series I, 6.25%, 10/15/38	3,125	3,622,344
Series I, (AGC), 5.25%, 10/15/24	1,750	2,034,830
Series I, (AGC), 5.25%, 10/15/25	3,250	3,761,940
Series I-A, 5.38%, 10/15/36	2,075	2,342,571
Series II-A, 5.38%, 10/15/41	1,900	2,138,431
Series II-A, (AGM), 5.25%, 10/15/36	8,040	9,020,076

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Michigan State Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39	11,600	12,302,264
Michigan State HDA, RB, Series C, 5.50%, 12/01/28	2,900	3,043,956
Michigan Strategic Fund, Refunding RB, Detroit Edison Co. Project, Series A (Syncora), 5.50%, 6/01/30	2,500	2,542,475
	<b>Par (000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Michigan (concluded)</b>		
State of Michigan, RB, GAN (AGM):		
5.25%, 9/15/22	\$ 10,000	\$ 11,456,900
5.25%, 9/15/26	6,650	7,452,189
Wayne County Airport Authority, Refunding RB, AMT (AGC), 5.38%, 12/01/32	5,000	5,290,750
		84,597,869
<b>Minnesota 0.7%</b>		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	5,500	6,492,640
<b>Nevada 2.9%</b>		
City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34	2,250	2,625,413
County of Clark Nevada, RB: Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39	5,170	5,637,626
Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/30	19,900	20,641,474
		28,904,513
<b>New Jersey 4.9%</b>		
New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/34	4,000	4,151,200
New Jersey EDA, Refunding RB, School Facilities Construction, Series N-1: (AMBAC), 5.50%, 9/01/24	7,500	9,610,125
(NPFGC), 5.50%, 9/01/28	1,685	2,150,481
New Jersey Higher Education Student Assistance Authority, RB, Series 1, AMT: 5.50%, 12/01/25	1,250	1,379,838
5.50%, 12/01/26	1,800	1,960,164
5.75%, 12/01/28	200	220,846
5.88%, 12/01/33	6,895	7,618,079
New Jersey Transportation Trust Fund Authority, RB, Transportation System: CAB, Series A, 5.92%, 12/15/35 (b)	18,525	5,470,988
CAB, Series C (AGC), 5.72%, 12/15/25 (b)	10,000	5,821,000
Series A (NPFGC), 5.75%, 6/15/25	4,250	5,543,190
Series B, 5.25%, 6/15/36	4,970	5,591,995
		49,517,906
<b>New York 2.5%</b>		
City of New York, New York, GO, Series J, 5.25%, 5/15/24	10,000	10,952,000
Hudson New York Yards Infrastructure Corp., RB, 5.75%, 2/15/47	1,920	2,169,619
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-4, 5.50%, 1/15/34	7,250	8,262,970
New York State Dormitory Authority, ERB, Series B, 5.25%, 3/15/38	3,250	3,638,278
		25,022,867
<b>North Carolina 0.4%</b>		
North Carolina Medical Care Commission, RB, Novant Health Obligation, Series A, 4.75%, 11/01/43	4,075	4,133,028

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

31

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## Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Ohio 0.6%</b>		
County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37	\$ 3,000	\$ 3,656,760
Ohio Higher Educational Facility Commission, Refunding RB, Summa Health System, 2010 Project (AGC), 5.25%, 11/15/40	2,450	2,614,738
		6,271,498
<b>Pennsylvania 2.7%</b>		
Pennsylvania Turnpike Commission, RB:		
Series A (AMBAC), 5.50%, 12/01/31	15,600	17,051,112
Sub-Series C (AGC), 6.25%, 6/01/38	5,695	6,777,506
Subordinate, Special Motor License Fund, 6.00%, 12/01/36	2,575	3,119,226
		26,947,844
<b>Puerto Rico 3.5%</b>		
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27		
	3,720	4,177,523
Puerto Rico Sales Tax Financing Corp., RB:		
CAB, Series C, 5.95%, 8/01/38 (b)	9,400	2,314,092
CAB, Series C, 6.12%, 8/01/39 (b)	24,000	5,588,880
First Sub-Series A, 5.75%, 8/01/37	2,000	2,238,600
First Sub-Series A, 6.38%, 8/01/39	10,195	11,901,541
First Sub-Series A, 5.50%, 8/01/42	5,155	5,654,055
Puerto Rico Sales Tax Financing Corp., Refunding RB:		
CAB, Series A (NPFGC), 5.68%, 8/01/41 (b)	7,500	1,496,025
First Sub-Series C, 6.00%, 8/01/39	1,180	1,352,304
		34,723,020
<b>South Carolina 0.4%</b>		
South Carolina Jobs-EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39		
	3,600	4,190,976
South Carolina State Housing Finance & Development Authority, Refunding RB, Series A-2, AMT (AGM), 6.35%, 7/01/19		
	75	76,039
		4,267,015
<b>Tennessee 0.4%</b>		
Memphis Center City Revenue Finance Corp., RB, Pyramid and Pinch Distribution, Series B (AGM), 5.25%, 11/01/30		
	3,785	4,301,160
<b>Texas 12.4%</b>		
City of Houston Texas, RB, Combined, First Lien, Series A (AGM), 5.00%, 11/15/36		
	10,000	10,850,300
City of Houston Texas, Refunding RB, Combined, First Lien, Series A (AGC):		
6.00%, 11/15/35	5,700	6,869,754
5.38%, 11/15/38	3,650	4,131,873
Dallas ISD, GO, School Building (PSF-GTD), 6.38%, 2/15/34		
	10,000	12,593,700
Dallas-Fort Worth International Airport Facilities Improvement Corp., Refunding RB, Joint Series A, AMT (NPFGC), 5.63%, 11/01/26		
	12,210	12,234,298



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Grand Prairie ISD Texas, GO, Refunding, CAB, 6.59%, 8/15/28 (b)	10,000	4,165,900
Harris County Hospital District, RB, Senior Lien, Series A (NPFGC), 5.25%, 2/15/37	5,850	6,107,342
Judson ISD Texas, GO, School Building (AGC), 5.00%, 2/01/37	10,000	10,593,200

	Par (000)	Value
<b>Municipal Bonds</b>		
<b>Texas (concluded)</b>		
North Texas Tollway Authority, Refunding RB, First Tier, System:		
Series A, 6.00%, 1/01/28	\$ 6,275	\$ 7,327,568
Series A (NPFGC), 5.13%, 1/01/28	20,000	21,980,600
Series B (NPFGC), 5.75%, 1/01/40	10,000	10,847,800
Texas Department of Housing & Community Affairs, MRB, Series A, AMT (NPFGC), 5.45%, 9/01/23	3,870	3,874,412
Texas State Turnpike Authority, RB, First Tier, Series A (AMBAC):		
5.50%, 8/15/39	5,500	5,544,330
5.00%, 8/15/42	6,900	6,905,658
		124,026,735

<b>Utah 1.5%</b>		
Utah Transit Authority, Refunding RB, CAB, Sub-Series A (b):		
(AGC), 5.45%, 6/15/20	10,000	7,335,800
(NPFGC), 5.23%, 6/15/24	13,930	7,984,537
		15,320,337

<b>Vermont 0.3%</b>		
Vermont HFA, HRB, Series 12B, AMT (AGM), 6.30%, 11/01/19		
	255	260,146
Vermont HFA, Refunding RB, Multiple Purpose, Series C, AMT (AGM), 5.50%, 11/01/38 (c)		
	2,145	2,245,171
		2,505,317

<b>Washington 1.0%</b>		
Washington Health Care Facilities Authority, RB, Providence Health & Services, Series A:		
5.00%, 10/01/39	1,125	1,194,604
5.25%, 10/01/39	2,725	2,950,303
Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36		
	5,400	6,284,304
		10,429,211

<b>Wisconsin 1.1%</b>		
Wisconsin Health & Educational Facilities Authority, RB:		
Ascension Health Senior Credit Group, 5.00%, 11/15/33		
	3,745	4,063,737
Froedtert & Community Health, Inc., 5.25%, 4/01/39		
	3,500	3,725,190
SynergyHealth Inc., 6.00%, 11/15/32		
	3,395	3,505,405
		11,294,332

<b>Total Municipal Bonds 104.9%</b>		1,052,761,572
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**Municipal Bonds Transferred to  
Tender Option Bond Trusts (d)**

<b>Arizona 1.5%</b>		
Arizona School Facilities Board, COP (AGC), 5.13%, 9/01/21		
	10,000	11,429,500
	3,500	3,833,095

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Salt River Project Agricultural Improvement &  
Power District, RB, Series A, 5.00%, 1/01/38

15,262,595

See Notes to Financial Statements.

32

SEMI-ANNUAL REPORT

JANUARY 31, 2012

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## Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (d)	Par (000)	Value
<b>California 11.9%</b>		
Alameda County Joint Powers Authority, Refunding RB, Lease (AGM), 5.00%, 12/01/34	\$ 6,990	\$ 7,538,575
California State University, RB, Systemwide, Series A (AGM):		
5.00%, 11/01/33	7,996	8,645,524
5.00%, 11/01/37	18,435	20,493,451
City of Riverside California, RB, Issue D (AGM), 5.00%, 10/01/38	20,000	21,388,600
Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36	7,500	7,905,525
Las Virgenes Unified School District California, GO, Series A (AGM), 5.00%, 8/01/31	10,000	10,740,468
Los Angeles Community College District California, GO, Election of 2008, Series A, 6.00%, 8/01/33	5,248	6,309,694
Orange County Sanitation District, COP, Series B (AGM), 5.00%, 2/01/37	10,780	11,618,361
San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33	1,047	1,201,835
San Diego County Water Authority, COP, Refunding, Series 2008-A (AGM), 5.00%, 5/01/33	9,370	10,135,997
San Francisco Bay Area Rapid Transit District, RB (AGM), 5.00%, 7/01/36	10,000	10,805,600
University of California, RB, Series O, 5.75%, 5/15/34	2,205	2,594,513
		119,378,143
<b>Colorado 0.3%</b>		
Colorado Health Facilities Authority, Refunding RB, Catholic Healthcare, Series A, 5.50%, 7/01/34	2,469	2,733,387
<b>Connecticut 0.6%</b>		
Connecticut State Health & Educational Facility Authority, RB, Yale University, Series T-1, 4.70%, 7/01/29	5,010	5,796,019
<b>District of Columbia 1.9%</b>		
District of Columbia, RB, Series A, 5.50%, 12/01/30	2,595	3,137,407
District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35	4,281	5,346,890
Metropolitan Washington Airports Authority, RB, Series B, AMT (AMBAC), 5.00%, 10/01/32	10,000	10,481,300
		18,965,597
<b>Florida 3.4%</b>		
City of Tallahassee Florida, Energy System, RB (NPFGC), 5.00%, 10/01/32	3,300	3,550,536
County of Miami Dade Florida, RB, (XLCA), 5.00%, 7/01/31	19,800	21,248,172
Florida State Board of Education, GO, Series D, 5.00%, 6/01/37	3,299	3,595,004
Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36	5,400	5,679,180
		34,072,892

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<b>Georgia 1.1%</b>		
Metropolitan Atlanta Rapid Transit Authority, RB, Third Indenture, Series B (AGM), 5.00%, 7/01/37	10,000	10,693,644
<b>Hawaii 1.0%</b>		
Honolulu City & County Board of Water Supply, RB, Series A (FGIC), 5.00%, 7/01/33	9,830	10,245,023
<b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>		
	<b>Par (000)</b>	<b>Value</b>
<b>Illinois 3.0%</b>		
City of Chicago Illinois, GO, Refunding, Series A (AGC), 5.25%, 1/01/24	\$ 11,000	\$ 12,237,830
City of Chicago Illinois, RB, Sales Tax Revenue, Series A, 5.00%, 1/01/41	2,190	2,424,461
Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38	10,000	11,903,200
State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34	3,499	3,874,479
		30,439,970
<b>Kentucky 0.7%</b>		
Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	5,985	6,900,816
<b>Louisiana 1.1%</b>		
State of Louisiana Gas & Fuels, RB, Series A (AGM), 5.00%, 5/01/36	10,000	10,648,100
<b>Nevada 0.6%</b>		
Clark County Water Reclamation District, GO, Series B: 5.50%, 7/01/29	510	599,604
5.75%, 7/01/34	4,813	5,712,413
		6,312,017
<b>New Jersey 1.3%</b>		
Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28	10,000	13,349,300
<b>New York 5.0%</b>		
New York City Municipal Water Finance Authority, RB, Series DD, 5.00%, 6/15/37	17,567	19,175,643
Port Authority of New York & New Jersey, RB, Consolidated: 143rd Series, 5.00%, 10/01/30	5,180	5,519,964
155th Series (AGM), 5.13%, 7/15/30	19,500	20,540,910
Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34	4,500	5,135,310
		50,371,827
<b>North Carolina 1.0%</b>		
North Carolina HFA, RB, Series 31-A, AMT, 5.25%, 7/01/38	9,886	10,105,068
<b>Ohio 0.7%</b>		
County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41	4,990	5,390,572
State of Ohio, RB, Cleveland Clinic Health, Series B, 5.50%, 1/01/34	1,520	1,681,667
		7,072,239
<b>Puerto Rico 0.7%</b>		
Puerto Rico Sales Tax Financing Corp., RB, Senior Series C, 5.25%, 8/01/40	6,540	7,262,735
<b>South Carolina 0.5%</b>		
South Carolina State Housing Finance & Development Authority, Refunding RB, Series B-1, 5.55%, 7/01/39	4,528	4,777,578

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**South Dakota 0.2%**

South Dakota HDA, RB, Homeownership Mortgage,  
Series K, 5.05%, 5/01/36

2,500

2,521,025

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

33

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Schedule of Investments (continued)

**BlackRock MuniYield Quality Fund III, Inc. (MYI)**  
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (d)	Par (000)	Value
<b>Texas 4.1%</b>		
Friendswood ISD Texas, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/37	\$ 12,955	\$ 14,129,951
Houston ISD, GO, Schoolhouse (PSF-GTD), 5.00%, 2/15/33	10,000	10,948,300
North East ISD Texas, GO, School Building, Series A, 5.00%, 8/01/37	3,500	3,871,175
Texas State University Systems, Refunding RB, 5.25%, 3/15/26	10,000	12,120,400
		41,069,826
<b>Virginia 0.4%</b>		
University of Virginia, Refunding RB, General, 5.00%, 6/01/40	3,944	4,386,240
<b>Washington 5.7%</b>		
Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/34	16,770	18,688,404
County of King Washington, RB (AGM), 5.00%, 1/01/37	15,785	17,171,357
Port of Seattle Washington, Refunding RB, Series B, AMT (NPFGC), 5.20%, 7/01/29	20,565	21,046,834
		56,906,595
<b>Wisconsin 1.6%</b>		
State of Wisconsin, Refunding RB, Series A, 6.00%, 5/01/36	10,000	11,883,800
Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health Inc., 5.25%, 4/01/39	3,959	4,213,870
		16,097,670
<b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 48.3%</b>		485,368,306
<b>Total Long-Term Investments (Cost \$1,408,088,309) 153.2%</b>		1,538,129,878
<b>Short-Term Securities</b>	<b>Shares</b>	
FFI Institutional Tax-Exempt Fund, 0.01% (e)(f)	37,110,706	37,110,706
<b>Total Short-Term Securities (Cost \$37,110,706) 3.7%</b>		37,110,706
<b>Total Investments (Cost \$1,445,199,015) 156.9%</b>		1,575,240,584
<b>Other Assets Less Liabilities 1.9%</b>		18,842,164
<b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (23.3)%</b>		(233,855,171)
<b>VRDP Shares, at Liquidation Value (35.5)%</b>		(356,400,000)
<b>Net Assets Applicable to Common Shares 100.0%</b>		\$ 1,003,827,577

- (a) Represents 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 shown is as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

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- (c) Variable rate security. Rate shown is as of report date.
- (d) Securities represent bonds transferred to a TOB in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (e) Investments in companies considered to be an affiliate of the Fund during the period, 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, 2011	Net Activity	Shares Held at January 31, 2012	Income
FFI Institutional Tax-Exempt Fund	4,703,282	32,407,424	37,110,706	\$ 1,266

- (f) Represents the current yield as of report date.

Financial futures contracts sold as of January 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
120	10-Year US Treasury Note	Chicago Board of Trade	March 2012	\$ 15,870,000	\$ (210,228)

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

Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

The following tables summarize the inputs used as of January 31, 2012 in determining the fair valuation of the Fund's investments and derivative financial instruments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term				
Investments <sup>1</sup>		\$ 1,538,129,878		\$ 1,538,129,878
Short-Term				
Securities	\$ 37,110,706			37,110,706
<b>Total</b>	\$ 37,110,706	\$ 1,538,129,878		\$ 1,575,240,584

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

Valuation Inputs	Level 1	Level 2	Level 3	Total
Derivative Financial				
Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate				
contracts	\$ (210,228)			\$ (210,228)

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

See Notes to Financial Statements.



## Statements of Assets and Liabilities

	<b>BlackRock MuniHoldings Quality Fund II, Inc. (MUE)</b>	<b>BlackRock MuniYield California Quality Fund, Inc. (MCA)</b>	<b>BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)</b>	<b>BlackRock MuniYield New York Quality Fund, Inc. (MYN)</b>	<b>BlackRock MuniYield Quality Fund III, Inc. (MYI)</b>
<b>January 31, 2012 (Unaudited)</b>					
<b>Assets</b>					
Investments at value unaffiliated	\$ 515,434,321	\$ 888,499,766	\$ 270,546,439	\$ 907,752,316	\$ 1,538,129,878
Investments at value affiliated	11,617,912	12,391,222	3,688,890	17,806,810	37,110,706
Cash pledged as collateral for financial futures contracts	214,000	125,000	39,000	263,000	231,000
Interest receivable	5,447,078	12,522,348	2,960,636	9,673,089	16,912,134
Investments sold receivable	5,740,751	2,228,500		70,000	6,346,806
Deferred offering costs	98,465	416,513	295,109	568,437	828,976
Prepaid expenses	7,795	12,948	21,453	13,443	50,376
Other assets		279,955	54,931	272,303	420,199
<b>Total assets</b>	<b>538,560,322</b>	<b>916,476,252</b>	<b>277,606,458</b>	<b>936,419,398</b>	<b>1,600,030,075</b>
<b>Accrued Liabilities</b>					
Bank overdraft	142,793	84,548	30,650	69,986	156,172
Income dividends payable Common Shares	1,650,050	2,525,548	849,324	2,763,570	4,865,207
Investments purchased payable	3,245,416	6,070,196			
Investment advisory fees payable	229,290	376,620	115,380	377,679	662,497
Officers and Directors fees payable	13,826	138,376	9,515	122,507	209,284
Interest expense and fees payable	27,898	85,876	18,091	70,330	83,855
Margin variation payable	24,281	14,219	1,250	36,750	26,249
Other accrued expenses payable	21,815		16,410	36,174	27,741
<b>Total accrued liabilities</b>	<b>5,355,369</b>	<b>9,295,383</b>	<b>1,040,620</b>	<b>3,476,996</b>	<b>6,031,005</b>
<b>Other Liabilities</b>					
TOB trust certificates	73,362,934	189,215,179	9,855,000	103,520,366	233,771,493
VMTP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup>	131,000,000				
VRDP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup>		166,500,000	87,300,000	247,700,000	356,400,000
<b>Total other liabilities</b>	<b>204,362,934</b>	<b>355,715,179</b>	<b>97,155,000</b>	<b>351,220,366</b>	<b>590,171,493</b>
<b>Total liabilities</b>	<b>209,718,303</b>	<b>365,010,562</b>	<b>98,195,620</b>	<b>354,697,362</b>	<b>596,202,498</b>
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$ 328,842,019</b>	<b>\$ 551,465,690</b>	<b>\$ 179,410,838</b>	<b>\$ 581,722,036</b>	<b>\$ 1,003,827,577</b>
<b>Net Assets Applicable to Common Shareholders Consist of</b>					
Paid-in capital <sup>5</sup>	\$ 299,338,538	\$ 495,191,219	\$ 163,446,264	\$ 550,701,852	\$ 951,288,315
Undistributed net investment income	5,159,882	7,862,592	1,953,210	8,346,889	15,835,958
Accumulated net realized loss	(18,581,112)	(15,550,368)	(2,951,928)	(35,878,746)	(93,128,037)
Net unrealized appreciation/depreciation	42,924,711	63,962,247	16,963,292	58,552,041	129,831,341
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$ 328,842,019</b>	<b>\$ 551,465,690</b>	<b>\$ 179,410,838</b>	<b>\$ 581,722,036</b>	<b>\$ 1,003,827,577</b>
Net asset value per Common Share	\$ 14.65	\$ 16.05	\$ 14.85	\$ 14.74	\$ 14.86
<sup>1</sup> Investments at cost unaffiliated	\$ 472,315,149	\$ 824,423,644	\$ 253,548,109	\$ 848,905,956	\$ 1,408,088,309
<sup>2</sup> Investments at cost affiliated	\$ 11,617,912	\$ 12,391,222	\$ 3,688,890	\$ 17,806,810	\$ 37,110,706
<sup>3</sup> VMTP/VRDP Shares outstanding, par value \$0.10 per share	1,310	1,665	873	2,477	3,564
<sup>4</sup> Preferred Shares authorized	8,180	12,665	4,833	14,637	26,364

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<sup>5</sup> Common Shares outstanding, 200 million shares authorized, \$0.10 par value	22,449,776	34,361,200	12,083,491	39,453,493	67,568,648
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See Notes to Financial Statements.

36

SEMI-ANNUAL REPORT

JANUARY 31, 2012

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## Statements of Operations

Six Months Ended January 31, 2012 (Unaudited)	BlackRock MuniHoldings Quality Fund II, Inc. (MUE)	BlackRock MuniYield California Quality Fund, Inc. (MCA)	BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)	BlackRock MuniYield New York Quality Fund, Inc. (MYN)	BlackRock MuniYield Quality Fund III, Inc. (MYI)
<b>Investment Income</b>					
Interest	\$ 11,756,907	\$ 19,381,430	\$ 6,255,624	\$ 20,462,850	\$ 37,160,473
Income affiliated	583	4,244		4,604	8,896
Total income	11,757,490	19,385,674	6,255,624	20,467,454	37,169,369
<b>Expenses</b>					
Investment advisory	1,394,898	2,186,425	668,639	2,220,798	3,815,147
Liquidity fees		650,057	340,842	967,082	1,391,474
Remarketing fees on Preferred Shares	50,684	85,100	44,620	126,603	182,160
Professional	65,106	91,131	43,911	72,286	100,131
Accounting services	53,266	50,959	38,170	68,987	91,662
Officer and Directors	22,904	23,158	9,664	25,702	56,482
Transfer agent	32,233	17,230	14,333	28,433	40,398
Custodian	17,908	15,475	7,900	17,433	32,496
Printing	9,309	7,712	5,167	15,803	19,792
Registration	11,605	5,058	4,598	6,972	12,575
Miscellaneous	36,163	42,955	23,609	49,124	74,811
Total expenses excluding interest expense, fees and amortization of offering costs	1,694,076	3,175,260	1,201,453	3,599,223	5,817,128
Interest expense, fees and amortization of offering costs <sup>1</sup>	398,096	1,043,876	264,589	951,043	1,667,073
Total expenses	2,092,172	4,219,136	1,466,042	4,550,266	7,484,201
Less fees waived by advisor	(88,603)	(7,197)	(472)	(11,697)	(5,511)
Total expenses after fees waived	2,003,569	4,211,939	1,465,570	4,538,569	7,478,690
Net investment income	9,753,921	15,173,735	4,790,054	15,928,885	29,690,679
<b>Realized and Unrealized Gain (Loss)</b>					
Net realized gain (loss) from:					
Investments	2,661,900	4,358,726	676,640	1,381,370	3,951,672
Financial futures contracts	(488,321)	34,610	(298,327)	(1,247,758)	(2,565,348)
	2,173,579	4,393,336	378,313	133,612	1,386,324
Net change in unrealized appreciation/depreciation on:					
Investments	33,325,110	55,368,088	16,020,645	52,183,545	109,303,845
Financial futures contracts	79,661	(113,874)	143,603	224,943	1,221,984
	33,404,771	55,254,214	16,164,248	52,408,488	110,525,829
Total realized and unrealized gain	35,578,350	59,647,550	16,542,561	52,542,100	111,912,153
<b>Dividends to AMPS Shareholders From</b>					
Net investment income	(130,644)				
<b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations</b>					
	\$ 45,201,627	\$ 74,821,285	\$ 21,332,615	\$ 68,470,985	\$ 141,602,832

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

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

37

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Statements of Changes in Net Assets

	BlackRock MuniHoldings Quality Fund II, Inc. (MUE)		BlackRock MuniYield California Quality Fund, Inc. (MCA)	
	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31, 2011	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31, 2011
<b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>				
<b>Operations</b>				
Net investment income	\$ 9,753,921	\$ 19,996,239	\$ 15,173,735	\$ 31,308,367
Net realized gain (loss)	2,173,579	(5,411,971)	4,393,336	(4,612,878)
Net change in unrealized appreciation/depreciation	33,404,771	(5,414,974)	55,254,214	(8,190,700)
Dividends to AMPS Shareholders from net investment income	(130,644)	(479,559)		(767,289)
Net increase in net assets applicable to Common Shareholders resulting from operations	45,201,627	8,689,735	74,821,285	17,737,500
<b>Dividends to Common Shareholders From</b>				
Net investment income	(9,896,028)	(19,768,276)	(15,153,289)	(29,808,341)
<b>Capital Share Transactions</b>				
Reinvestment of common dividends	180,124	767,545		
<b>Net Assets Applicable to Common Shareholders</b>				
Total increase (decrease) in net assets applicable to Common Shareholders	35,485,723	(10,310,996)	59,667,996	(12,070,841)
Beginning of period	293,356,296	303,667,292	491,797,694	503,868,535
End of period	\$ 328,842,019	\$ 293,356,296	\$ 551,465,690	\$ 491,797,694
Undistributed net investment income	\$ 5,159,882	\$ 5,432,633	\$ 7,862,592	\$ 7,842,146

	BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)		BlackRock MuniYield New York Quality Fund, Inc. (MYN)	
	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31, 2011	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31, 2011
<b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>				
<b>Operations</b>				
Net investment income	\$ 4,790,054	\$ 10,384,846	\$ 15,928,885	\$ 34,301,968
Net realized gain (loss)	378,313	(8,833)	133,612	(7,030,663)
Net change in unrealized appreciation/depreciation	16,164,248	(3,139,760)	52,408,488	(10,452,591)
Dividends to AMPS Shareholders from net investment income		(376,980)		(1,105,803)
Net increase in net assets applicable to Common Shareholders resulting from operations	21,332,615	6,859,273	68,470,985	15,712,911
<b>Dividends to Common Shareholders From</b>				
Net investment income	(5,392,272)	(10,355,821)	(16,807,188)	(33,574,394)
<b>Capital Share Transactions</b>				
Reinvestment of common dividends	194,168			107,768
<b>Net Assets Applicable to Common Shareholders</b>				
Total increase (decrease) in net assets applicable to Common Shareholders	16,134,511	(3,496,548)	51,663,797	(17,753,715)

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Beginning of period	163,276,327	166,772,875	530,058,239	547,811,954
End of period	\$ 179,410,838	\$ 163,276,327	\$ 581,722,036	\$ 530,058,239
Undistributed net investment income	\$ 1,953,210	\$ 2,555,428	\$ 8,346,889	\$ 9,225,192

See Notes to Financial Statements.

## Statements of Changes in Net Assets

	<b>BlackRock MuniYield Quality Fund III, Inc. (MYI)</b>	
	<b>Six Months Ended</b>	
	<b>January 31, 2012 (Unaudited)</b>	<b>Year Ended July 31, 2011</b>
<b>Increase (Decrease) in Net Assets Applicable to Common Shareholders:</b>		
<b>Operations</b>		
Net investment income	\$ 29,690,679	\$ 60,306,907
Net realized gain (loss)	1,386,324	(8,829,974)
Net change in unrealized appreciation/depreciation	110,525,829	(23,059,984)
Dividends to AMPS Shareholders from net investment income		(1,979,653)
Net increase in net assets applicable to Common Shareholders resulting from operations	141,602,832	26,437,296
<b>Dividends to Common Shareholders From</b>		
Net investment income	(29,286,616)	(58,264,384)
<b>Capital Share Transactions</b>		
Reinvestment of common dividends	526,172	2,578,449
<b>Net Assets Applicable to Common Shareholders</b>		
Total increase (decrease) in net assets applicable to Common Shareholders	112,842,388	(29,248,639)
Beginning of period	890,985,189	920,233,828
End of period	\$ 1,003,827,577	\$ 890,985,189
Undistributed net investment income	\$ 15,835,958	\$ 15,431,895

See Notes to Financial Statements.

## Statements of Cash Flows

	<b>BlackRock MuniHoldings Quality Fund II, Inc. (MUE)</b>	<b>BlackRock MuniYield California Quality Fund, Inc. (MCA)</b>	<b>BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)</b>	<b>BlackRock MuniYield New York Quality Fund, Inc. (MYN)</b>	<b>BlackRock MuniYield Quality Fund III, Inc. (MYI)</b>
<b>Six Months Ended January 31, 2012 (Unaudited)</b>					
<b>Cash Provided by (Used for) Operating Activities</b>					
Net increase in net assets resulting from operations, excluding dividends to AMPS Shareholders	\$ 45,332,271	\$ 74,821,285	\$ 21,332,615	\$ 68,470,985	\$ 141,602,832
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:					
(Increase) decrease in interest receivable	(318,132)	(423,926)	21,816	(186,698)	(11,238)
Decrease in income receivable affiliated		335		363	610
(Increase) decrease in cash pledged as collateral for financial futures contracts	(74,000)	(125,000)	55,000	87,400	495,000
Decrease in prepaid expenses	13,850	25,246	51,118	183,146	
Decrease in other assets		(187,357)	(54,931)	(172,097)	(252,030)
Increase in investment advisory fees payable	19,543	22,299	5,462	15,676	50,546
Increase (decrease) in interest expense and fees payable	(10,282)	(40,929)	(5,595)	23,732	(32,419)
Decrease in other accrued expenses payable	(110,587)	(31,382)	(6,837)	(125,430)	(99,267)
Increase (decrease) in margin variation payable	(81,407)	14,219	(55,843)	(264,375)	(525,939)
Increase (decrease) in Officers and Directors fees payable	12,103	46,963	8,735	17,492	203,232
Net realized and unrealized gain on investments	(35,987,010)	(59,711,633)	(16,697,285)	(53,548,589)	(113,227,792)
Amortization of premium and accretion of discount on investments	731,794	1,452,530	44,194	580,503	(1,512,360)
Amortization of deferred offering costs	4,405	159,239	26,860	270,687	419,511
Proceeds from sales of long-term investments	75,757,739	165,952,095	33,798,614	118,491,421	178,896,946
Purchases of long-term investments	(89,285,669)	(179,503,293)	(33,414,261)	(138,485,221)	(176,970,534)
Net proceeds from sales (purchases) of short-term securities	2,621,053	2,885,184	(670,622)	(3,285,194)	(32,407,424)
Cash provided by (used for) operating activities	(1,374,329)	5,355,875	4,439,040	(7,926,199)	(3,370,326)
<b>Cash Provided by (Used for) Financing Activities</b>					
Cash receipts from issuance of VMTP	131,000,000				
Cash payments on redemption of AMPS	(131,000,000)				
Cash receipts from TOB trust certificates	11,260,000	25,870,903	825,000	47,502,925	42,548,943
Cash payments for TOB trust certificates	(80,000)	(16,078,138)		(22,597,363)	(10,374,918)
Cash dividends paid to Common Shareholders	(9,714,950)	(15,153,289)	(5,192,990)	(16,844,816)	(28,757,502)
Cash dividends paid to Preferred Shareholders	(130,644)				
Cash payments for offering costs	(102,870)	(79,899)	(41,893)	(118,865)	(171,028)
Increase (decrease) in bank overdraft	142,793	84,548	(29,157)	(15,682)	124,831
Cash provided for (used for) financing activities	1,374,329	(5,355,875)	(4,439,040)	7,926,199	3,370,326
<b>Cash</b>					



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Net increase in cash  
Cash at beginning of year  
Cash at end of year

**Cash Flow Information**

Cash paid during the year for interest and fees	\$	403,973	\$	743,384	\$	155,938	\$	607,738	\$	1,239,139
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**Noncash Financing Activities**

Capital shares issued in reinvestment of dividends paid to Common Shareholders	\$	180,124	\$	194,168	\$	526,172
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A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

## Financial Highlights

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

	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31,			Period October 1, 2007 to July 31, 2008	Year Ended September 30,	
		2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$ 13.07	\$ 13.57	\$ 12.27	\$ 12.84	\$ 13.72	\$ 14.15	\$ 14.23
Net investment income <sup>1</sup>	0.43	0.89	0.92	0.90	0.78	0.97	0.93
Net realized and unrealized gain (loss)	1.60	(0.49)	1.26	(0.71)	(0.91)	(0.45)	0.03
Dividends to AMPS Shareholders from net investment income	(0.01)	(0.02)	(0.02)	(0.12)	(0.25)	(0.33)	(0.29)
Net increase (decrease) from investment operations	2.02	0.38	2.16	0.07	(0.38)	0.19	0.67
Dividends to Common Shareholders from net investment income	(0.44)	(0.88)	(0.86)	(0.64)	(0.50)	(0.62)	(0.75)
Net asset value, end of period	\$ 14.65	\$ 13.07	\$ 13.57	\$ 12.27	\$ 12.84	\$ 13.72	\$ 14.15
Market price, end of period	\$ 14.72	\$ 12.46	\$ 14.26	\$ 11.40	\$ 11.30	\$ 12.39	\$ 12.96
<b>Total Investment Return Applicable to Common Shareholders<sup>2</sup></b>							
Based on net asset value	15.78% <sup>3</sup>	3.19%	18.04%	1.58%	(2.41)% <sup>3</sup>	1.73%	5.19%
Based on market price	22.02% <sup>3</sup>	(6.38)%	33.51%	7.24%	(4.89)% <sup>3</sup>	0.31%	(1.37)%
<b>Ratio to Average Net Assets Applicable to Common Shareholders</b>							
Total expenses <sup>4</sup>	1.35% <sup>5</sup>	1.30%	1.28%	1.66%	1.55% <sup>5</sup>	1.61%	1.64%
Total expenses after fees waived and paid indirectly <sup>4</sup>	1.29% <sup>5</sup>	1.23%	1.15%	1.45%	1.45% <sup>5</sup>	1.54%	1.57%
Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization offering costs <sup>4,6</sup>	1.04% <sup>5</sup>	1.07%	0.99%	1.04%	1.15% <sup>5</sup>	1.17%	1.16%
Net investment income <sup>4</sup>	6.30% <sup>5</sup>	6.93%	6.92%	7.61%	6.74% <sup>5</sup>	6.94%	6.70%
Dividends to AMPS Shareholders	0.08% <sup>5</sup>	0.17%	0.18%	1.03%	2.19% <sup>5</sup>	2.37%	2.10%
Net investment income to Common Shareholders	6.22% <sup>5</sup>	6.76%	6.74%	6.58%	4.55% <sup>5</sup>	4.57%	4.60%
<b>Supplemental Data</b>							
Net assets applicable to Common Shareholders, end of period (000)	\$ 328,842	\$ 293,356	\$ 303,667	\$ 274,342	\$ 286,933	\$ 306,769	\$ 316,216
AMPS outstanding at \$25,000 liquidation preference, end of period (000)		\$ 131,000	\$ 131,000	\$ 131,000	\$ 145,300	\$ 204,500	\$ 204,500
VMTP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 131,000						
Portfolio turnover	16%	24%	20%	37%	43%	43%	35%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period		\$ 80,983	\$ 82,953	\$ 77,357	\$ 74,376	\$ 62,514	\$ 63,667
Asset coverage per VMTP Shares at \$100,000 liquidation value, end of period	\$ 351,024						

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

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- <sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>3</sup> Aggregate total investment return.
- <sup>4</sup> Do not reflect the effect of dividends to AMPS Shareholders.
- <sup>5</sup> Annualized.
- <sup>6</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

41

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## Financial Highlights

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

	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
		2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$ 14.31	\$ 14.66	\$ 13.43	\$ 13.86	\$ 14.63	\$ 15.09	\$ 14.82
Net investment income <sup>1</sup>	0.44	0.91	0.87	0.86	0.68	0.92	0.96
Net realized and unrealized gain (loss)	1.74	(0.37)	1.15	(0.51)	(0.75)	(0.42)	0.35
Dividends to AMPS Shareholders from net investment income		(0.02)	(0.03)	(0.12)	(0.20)	(0.28)	(0.24)
Net increase (decrease) from investment operations	2.18	0.52	1.99	0.23	(0.27)	0.22	1.07
Dividends to Common Shareholders from net investment income	(0.44)	(0.87)	(0.76)	(0.66)	(0.50)	(0.68)	(0.80)
Capital charges with respect to issuance of AMPS							(0.00) <sup>2</sup>
Net asset value, end of period	\$ 16.05	\$ 14.31	\$ 14.66	\$ 13.43	\$ 13.86	\$ 14.63	\$ 15.09
Market price, end of period	\$ 15.36	\$ 13.00	\$ 14.02	\$ 12.08	\$ 12.33	\$ 13.16	\$ 14.64
<b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>							
Based on net asset value	15.68% <sup>4</sup>	4.21%	15.69%	3.03%	(1.54)% <sup>4</sup>	1.76%	7.57%
Based on market price	21.86% <sup>4</sup>	(1.01)%	23.00%	4.17%	(2.63)% <sup>4</sup>	(5.65)%	9.22%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>							
Total expenses <sup>5</sup>	1.63% <sup>6</sup>	1.50%	1.11%	1.40%	1.38% <sup>6</sup>	1.53%	1.60%
Total expenses after fees waived and paid indirectly <sup>5</sup>	1.63% <sup>6</sup>	1.49%	1.10%	1.38%	1.36% <sup>6</sup>	1.53%	1.59%
Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization costs <sup>5,7</sup>	1.22% <sup>6</sup>	1.15%	0.95%	1.02%	1.04% <sup>6</sup>	1.03%	1.03%
Net investment income <sup>5</sup>	5.86% <sup>6</sup>	6.49%	6.10%	6.60%	6.15% <sup>6</sup>	6.22%	6.46%
Dividends to AMPS Shareholders		0.16%	0.20%	0.91%	1.78% <sup>6</sup>	1.87%	1.62%
Net investment income to Common Shareholders	5.86% <sup>6</sup>	6.33%	5.90%	5.69%	4.37% <sup>6</sup>	4.35%	4.84%
<b>Supplemental Data</b>							
Net assets applicable to Common Shareholders, end of period (000)	\$ 551,466	\$ 491,798	\$ 503,869	\$ 461,505	\$ 476,235	\$ 502,855	\$ 518,667
AMPS outstanding at \$25,000 liquidation preference, end of period (000)			\$ 166,525	\$ 166,525	\$ 192,300	\$ 275,000	\$ 275,000
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 166,500	\$ 166,500					
Portfolio turnover	20%	26%	30%	25%	25%	25%	27%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period			\$ 100,648	\$ 94,289	\$ 86,933	\$ 70,733	\$ 72,170
Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period	\$ 431,211	\$ 395,374					

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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is less than \$(0.01) per share.
- <sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>4</sup> Aggregate total investment return.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock MuniYield Michigan Quality Fund II, Inc. (MYM)

	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
		2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$ 13.53	\$ 13.82	\$ 12.87	\$ 13.24	\$ 14.13	\$ 14.60	\$ 14.54
Net investment income <sup>1</sup>	0.40	0.86	0.91	0.93	0.70	0.97	0.97
Net realized and unrealized gain (loss)	1.37	(0.26)	0.90	(0.49)	(0.88)	(0.47)	0.13
Dividends to AMPS Shareholders from net investment income		(0.03)	(0.04)	(0.14)	(0.21)	(0.29)	(0.26)
Net increase (decrease) from investment operations	1.77	0.57	1.77	0.30	(0.39)	0.21	0.84
Dividends to Common Shareholders from net investment income	(0.45)	(0.86)	(0.82)	(0.67)	(0.50)	(0.68)	(0.78)
Capital charges with respect to issuance of AMPS							(0.00) <sup>2</sup>
Net asset value, end of period	\$ 14.85	\$ 13.53	\$ 13.82	\$ 12.87	\$ 13.24	\$ 14.13	\$ 14.60
Market price, end of period	\$ 15.16	\$ 12.28	\$ 13.67	\$ 11.58	\$ 11.63	\$ 12.61	\$ 13.97
<b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>							
Based on net asset value	13.36% <sup>4</sup>	4.74%	14.62%	3.81%	(2.48)% <sup>4</sup>	1.78%	6.09%
Based on market price	27.51% <sup>4</sup>	(3.89)%	26.01%	6.34%	(4.01)% <sup>4</sup>	(5.07)%	2.42%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>							
Total expenses <sup>5</sup>	1.72% <sup>6</sup>	1.32%	1.08%	1.28%	1.48% <sup>6</sup>	1.69%	1.65%
Total expenses after fees waived <sup>5</sup>	1.72% <sup>6</sup>	1.31%	1.07%	1.26%	1.45% <sup>6</sup>	1.68%	1.64%
Total expenses after fees waived excluding interest expense, fees and amortization of offering costs <sup>5,7</sup>	1.41% <sup>6</sup>	1.21%	1.03%	1.12%	1.14% <sup>6</sup>	1.14%	1.13%
Net investment income <sup>5</sup>	5.62% <sup>6</sup>	6.46%	6.74%	7.43%	6.61% <sup>6</sup>	6.77%	6.72%
Dividends to AMPS Shareholders		0.23%	0.28%	1.15%	1.98% <sup>6</sup>	2.05%	1.78%
Net investment income to Common Shareholders	5.62% <sup>6</sup>	6.23%	6.46%	6.28%	4.63% <sup>6</sup>	4.72%	4.94%
<b>Supplemental Data</b>							
Net assets applicable to Common Shareholders, end of period (000)	\$ 179,411	\$ 163,276	\$ 166,773	\$ 155,360	\$ 159,759	\$ 170,559	\$ 176,216
AMPS outstanding at \$25,000 liquidation preference, end of period (000)			\$ 87,350	\$ 87,350	\$ 87,350	\$ 99,000	\$ 99,000
VRDP Shares outstanding at \$100,000 liquidation value, end of period (000)	\$ 87,300	\$ 87,300					
Portfolio turnover	13%	18%	18%	9%	20%	10%	14%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period			\$ 72,733	\$ 69,467	\$ 70,730	\$ 68,076	\$ 69,507

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Asset coverage per VRDP Shares at \$100,000 liquidation value, end of period	\$ 305,511	\$ 287,029
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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is less than \$(0.01) per share.
- <sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>4</sup> Aggregate total investment return.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

JANUARY 31, 2012

43

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## Financial Highlights

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

	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
		2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$ 13.44	\$ 13.89	\$ 12.65	\$ 13.16	\$ 13.94	\$ 14.40	\$ 14.26
Net investment income <sup>1</sup>	0.40	0.87	0.90	0.87	0.66	0.84	0.92
Net realized and unrealized gain (loss)	1.33	(0.44)	1.08	(0.61)	(0.77)	(0.38)	0.23
Dividends to AMPS Shareholders from net investment income		(0.03)	(0.04)	(0.13)	(0.19)	(0.27)	(0.24)
Net increase (decrease) from investment operations	1.73	0.40	1.94	0.13	(0.30)	0.19	0.91
Dividends to Common Shareholders from net investment income	(0.43)	(0.85)	(0.70)	(0.64)	(0.48)	(0.65)	(0.77)
Capital charges with respect to issuance of AMPS							(0.00) <sup>2</sup>
Net asset value, end of period	\$ 14.74	\$ 13.44	\$ 13.89	\$ 12.65	\$ 13.16	\$ 13.94	\$ 14.40
Market price, end of period	\$ 14.53	\$ 12.60	\$ 13.57	\$ 11.36	\$ 11.80	\$ 12.80	\$ 14.10
<b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>							
Based on net asset value	13.13% <sup>4</sup>	3.36%	16.15%	2.29%	(1.86)% <sup>4</sup>	1.66%	6.71%
Based on market price	18.96% <sup>4</sup>	(0.81)%	26.36%	2.44%	(4.16)% <sup>4</sup>	(4.67)%	13.13%
<b>Ratios to Average Net Assets Applicable to Common Shareholders</b>							
Total expenses <sup>5</sup>	1.65% <sup>6</sup>	1.34%	1.11%	1.34%	1.48% <sup>6</sup>	1.64%	1.56%
Total expenses after fees waived <sup>5</sup>	1.64% <sup>6</sup>	1.33%	1.10%	1.32%	1.46% <sup>6</sup>	1.63%	1.56%
Total expenses after fees waived and excluding interest expense, fees and amortization of offering costs <sup>5,7</sup>	1.30% <sup>6</sup>	1.14%	1.00%	1.06%	1.04% <sup>6</sup>	1.04%	1.03%
Net investment income <sup>5</sup>	5.76% <sup>6</sup>	6.55%	6.69%	7.11%	6.36% <sup>6</sup>	5.96%	6.50%
Dividends to AMPS Shareholders		0.21%	0.27%	1.09%	1.82% <sup>6</sup>	1.88%	1.68%
Net investment income to Common Shareholders	5.76% <sup>6</sup>	6.34%	6.42%	6.02%	4.54% <sup>6</sup>	4.08%	4.82%
<b>Supplemental Data</b>							
Net assets applicable to Common Shareholders, end of period (000)	\$ 581,722	\$ 530,058	\$ 547,812	\$ 499,093	\$ 518,912	\$ 549,910	\$ 567,954
AMPS outstanding at \$25,000 liquidation preference, end of period (000)			\$ 247,700	\$ 247,700	\$ 259,475	\$ 304,000	\$ 304,000
VRDP Shares outstanding at \$100,000 liquidation preference, end of period (000)	\$ 247,700	\$ 247,700					
Portfolio turnover	14%	18%	7%	22%	17%	25%	43%
Asset coverage per AMPS at \$25,000 liquidation preference, end of period			\$ 80,293	\$ 75,376	\$ 75,011	\$ 70,242	\$ 71,725
Asset coverage per VRDP Share at \$100,000 liquidation value, end of period	\$ 334,849	\$ 313,992					



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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is less than \$(0.01) per share.
- <sup>3</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends.
- <sup>4</sup> Aggregate total investment return.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS Shareholders.
- <sup>6</sup> Annualized.
- <sup>7</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.

See Notes to Financial Statements.

## Financial Highlights

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

	Six Months Ended January 31, 2012 (Unaudited)	Year Ended July 31,			Period November 1, 2007 to July 31, 2008	Year Ended October 31,	
		2011	2010	2009		2007	2006
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$ 13.19	\$ 13.67	\$ 12.27	\$ 12.86	\$ 14.57	\$ 15.30	\$ 15.27
Net investment income <sup>1</sup>	0.44	0.89	0.89	0.87	0.70	1.04	0.98
Net realized and unrealized gain (loss)	1.66	(0.48)	1.31	(0.66)	(1.69)	(0.79)	0.46
Dividends and distributions to AMPS Shareholders from:							
Net investment income		(0.03)	(0.03)	(0.12)	(0.22)	(0.31)	(0.25)
Net realized gain							