

# Semi-Annual Shareholder Report

July 31, 2020

Federated  
Hermes 

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Share Class | Ticker

Institutional | FICMX

Service | FITSX

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## Federated Hermes Government Income Fund

*(formerly, Federated Government Income Trust)*

*Fund Established 1982*

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A Portfolio of Federated Hermes Government Income Trust

*(formerly, Federated Government Income Trust)*

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### IMPORTANT NOTICE REGARDING REPORT DELIVERY

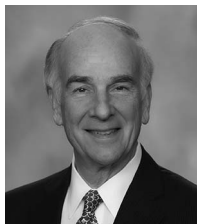
Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**



**J. Christopher  
Donahue**

*President*  
Federated Hermes  
Government  
Income Fund

## Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from February 1, 2020 through July 31, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets, I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the markets ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

Thank you for investing with us. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Christopher Donahue". The signature is written in a cursive, flowing style.

J. Christopher Donahue, President

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# Portfolio of Investments Summary Table (unaudited)

At July 31, 2020, the Fund's portfolio composition<sup>1</sup> was as follows:

Type of Investments	Percentage of Total Net Assets
U.S. Government Agency Mortgage-Backed Securities	90.6%
Collateralized Mortgage Obligations <sup>2</sup>	21.6%
U.S. Government Agency Commercial Mortgage-Backed Securities	3.6%
U.S. Treasury	4.1%
Cash Equivalents <sup>3</sup>	6.8%
Derivative Contracts <sup>4</sup>	(0.2)%
Other Assets and Liabilities—Net <sup>5</sup>	(26.5)%
<b>TOTAL</b>	<b>100.0%</b>

- <sup>1</sup> See the Fund's Prospectus and Statement of Additional Information for a description of the principal types of securities in which the Fund invests.
- <sup>2</sup> All of these securities are segregated subject to dollar-roll transactions.
- <sup>3</sup> Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements, including those that are segregated subject to dollar-roll transactions equal to 3.4% of net assets.
- <sup>4</sup> Based upon net unrealized appreciation (depreciation) or value of the derivative contracts as applicable. Derivative contracts may consist of futures, forwards, options and swaps. The impact of a derivative contract on the Fund's performance may be larger than its unrealized appreciation (depreciation) or value may indicate. In many cases, the notional value or amount of a derivative contract may provide a better indication of the contract's significance to the portfolio. More complete information regarding the Fund's direct investments in derivative contracts, including unrealized appreciation (depreciation), value and notional values or amounts of such contracts, can be found in the table at the end of the Portfolio of Investments included in this Report.
- <sup>5</sup> Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

July 31, 2020 (unaudited)

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—90.6%	
	<b>Federal Home Loan Mortgage Corporation—25.3%</b>	
\$ 4,942,253	2.000%, 6/1/2050	\$ 5,122,314
9,047,612	2.500%, 4/1/2050	9,501,891
2,612,107	3.000%, 5/1/2045	2,782,392
1,764,375	3.500%, 5/1/2046	1,888,079
1,651,659	3.500%, 10/1/2047	1,745,783
5,852,018	3.500%, 11/1/2047	6,196,483
4,639,577	3.500%, 1/1/2050	4,898,176
8,459,263	3.500%, 4/1/2050	8,951,777
4,907,576	3.500%, 4/1/2050	5,185,329
6,920,626	4.000%, 4/1/2049	7,575,588
271,337	4.000%, 6/1/2049	287,859
4,739,946	4.000%, 4/1/2050	5,047,443
285,948	4.500%, 3/1/2024	299,327
347,751	4.500%, 11/1/2039	388,737
484,635	4.500%, 5/1/2040	541,754
757,837	4.500%, 6/1/2040	847,155
168,994	4.500%, 9/1/2040	188,436
4,225,150	4.500%, 2/1/2050	4,542,234
125,149	5.000%, 8/1/2023	130,196
31,046	5.500%, 12/1/2021	31,794
4,462	5.500%, 1/1/2022	4,576
4,079	5.500%, 1/1/2022	4,183
28,352	5.500%, 1/1/2022	28,991
635,249	5.500%, 5/1/2034	737,160
18,824	5.500%, 12/1/2035	22,098
125,024	5.500%, 3/1/2036	146,829
275,751	5.500%, 1/1/2038	323,966
119,172	5.500%, 3/1/2038	140,021
94,884	5.500%, 11/1/2038	111,920
96,275	5.500%, 1/1/2039	113,164
93,074	6.000%, 3/1/2038	111,881
18,654	6.500%, 9/1/2029	20,965
30,533	7.000%, 2/1/2031	35,899
33,779	7.000%, 10/1/2031	38,328

Principal Amount or Shares		Value
<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued		
<b>Federal Home Loan Mortgage Corporation—continued</b>		
\$ 31,760	7.000%, 1/1/2032	\$ 37,222
36,319	7.000%, 3/1/2032	41,883
96,175	7.500%, 6/1/2027	109,280
15,020	7.500%, 8/1/2029	17,499
2,035	7.500%, 3/1/2030	2,402
4,551	7.500%, 1/1/2031	5,344
92,971	7.500%, 2/1/2031	109,247
	TOTAL	68,315,605
<b>Federal National Mortgage Association—38.4%</b>		
2,772,149	2.500%, 12/1/2049	2,913,071
2,313,355	3.000%, 6/1/2027	2,434,787
1,574,107	3.000%, 7/1/2027	1,660,178
2,292,442	3.000%, 8/1/2045	2,435,441
2,803,751	3.000%, 8/1/2045	2,978,644
14,749,206	3.000%, 10/1/2046	15,761,420
9,661,837	3.000%, 3/1/2050	10,240,372
5,593,957	3.500%, 12/1/2041	6,094,546
935,870	3.500%, 4/1/2042	1,019,619
376,668	3.500%, 9/1/2042	409,904
2,663,269	3.500%, 9/1/2042	2,910,754
372,421	3.500%, 9/1/2042	405,283
808,013	3.500%, 12/1/2042	879,310
7,912,324	3.500%, 5/1/2049	8,610,487
5,588,146	3.500%, 12/1/2049	6,020,109
7,941,550	3.500%, 12/1/2049	8,515,724
2,838,289	4.000%, 12/1/2031	3,055,458
1,978,207	4.000%, 12/1/2041	2,168,514
7,610,965	4.000%, 12/1/2041	8,445,424
2,035,846	4.000%, 6/1/2042	2,229,789
4,426,249	4.000%, 12/1/2042	4,906,005
1,685,946	4.500%, 9/1/2041	1,875,167
942,045	4.500%, 10/1/2041	1,045,714
1,837,790	4.500%, 11/1/2041	2,037,162
154,197	4.500%, 11/1/2041	170,925
112,857	5.000%, 10/1/2023	117,538
71,057	5.000%, 4/1/2024	74,506
985,846	5.000%, 1/1/2040	1,129,261

Principal Amount or Shares		Value
<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued		
<b>Federal National Mortgage Association—continued</b>		
\$ 361,495	5.500%, 12/1/2035	\$ 421,065
13,757	6.000%, 2/1/2022	14,128
607,498	6.000%, 2/1/2033	708,797
29,749	6.000%, 5/1/2036	35,551
133,225	6.000%, 7/1/2036	160,452
347,261	6.000%, 1/1/2037	417,796
31,988	6.000%, 9/1/2037	38,386
49,257	6.000%, 9/1/2037	59,193
88,346	6.000%, 6/1/2038	106,249
88,108	6.000%, 8/1/2038	106,406
39,016	6.000%, 10/1/2038	46,942
1,949	6.500%, 12/1/2027	2,180
2,996	6.500%, 6/1/2029	3,424
8,803	6.500%, 7/1/2029	10,051
7,533	6.500%, 8/1/2029	8,537
1,762	6.500%, 8/1/2029	2,002
142,577	6.500%, 5/1/2032	164,574
35,101	6.500%, 12/1/2035	41,532
28,710	6.500%, 7/1/2037	34,462
344,917	6.500%, 8/1/2037	412,363
65,729	6.500%, 9/1/2037	78,892
1,154	7.000%, 7/1/2029	1,323
3,975	7.000%, 9/1/2029	4,149
154	7.000%, 10/1/2031	169
51,263	7.000%, 11/1/2031	60,438
46,378	7.000%, 12/1/2031	54,880
12,739	7.000%, 12/1/2031	15,059
16,497	7.000%, 12/1/2031	19,326
6,427	7.000%, 1/1/2032	7,549
33,035	7.000%, 2/1/2032	39,173
18,215	7.500%, 7/1/2028	21,076
33,139	7.500%, 8/1/2031	38,975
58,292	8.000%, 12/1/2026	65,750
3,458	10.000%, 9/1/2021	3,527
1	10.000%, 11/1/2021	1
TOTAL		103,749,489

**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—1.7%**

\$ 183,923	5.500%, 4/15/2034	\$ 210,423
448,854	5.500%, 6/15/2034	516,634
53,462	6.000%, 1/15/2032	62,061
212,443	6.000%, 5/15/2036	250,717
5,668	6.500%, 5/15/2027	6,286
4,492	6.500%, 1/15/2029	5,102
12,252	6.500%, 1/15/2029	13,840
7,617	6.500%, 1/20/2029	8,589
4,350	6.500%, 2/15/2029	4,724
9,395	6.500%, 3/15/2029	10,689
9,390	6.500%, 3/15/2029	10,633
2,509	6.500%, 3/20/2029	2,837
3,846	6.500%, 5/20/2029	4,360
8,675	6.500%, 7/20/2029	9,835
4,347	6.500%, 8/20/2029	4,945
1,862	6.500%, 10/20/2029	2,105
3,604	6.500%, 11/20/2029	4,122
2,795	6.500%, 10/20/2030	3,211
5,133	6.500%, 4/20/2031	5,920
2,542	6.500%, 5/20/2031	2,934
14,617	6.500%, 6/20/2031	16,882
5,232	6.500%, 7/15/2031	6,013
768	6.500%, 7/15/2031	889
3,998	6.500%, 7/20/2031	4,618
4,272	6.500%, 10/20/2031	4,940
3,559	6.500%, 11/20/2031	4,118
10,843	6.500%, 1/20/2032	12,541
164,135	6.500%, 10/20/2038	195,483
15,498	7.000%, 6/15/2026	17,110
5,195	7.000%, 6/15/2026	5,722
5,997	7.000%, 12/15/2026	6,596
7,725	7.000%, 6/15/2027	8,548
1,376	7.000%, 10/15/2027	1,536
5,441	7.000%, 11/15/2027	5,986
4,294	7.000%, 2/15/2028	4,789
12,496	7.000%, 4/15/2028	14,055
18,792	7.000%, 6/15/2028	21,241



**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—continued**

\$ 3,069	7.000%, 6/15/2028	\$ 3,475
22,094	7.000%, 7/15/2028	24,900
9,226	7.000%, 7/15/2028	10,355
46,224	7.000%, 8/15/2028	52,736
8,458	7.000%, 8/15/2028	9,570
970	7.000%, 9/15/2028	1,092
3,775	7.000%, 9/15/2028	4,271
4,644	7.000%, 10/15/2028	5,249
16,262	7.000%, 10/15/2028	18,364
2,332	7.000%, 11/15/2028	2,378
50,776	7.000%, 11/15/2028	58,082
13,623	7.000%, 12/15/2028	15,610
48,541	7.000%, 12/15/2028	54,138
17,276	7.000%, 12/15/2028	19,509
14,588	7.000%, 12/15/2028	16,506
3,821	7.000%, 1/15/2029	4,368
4,996	7.000%, 1/15/2029	5,631
9,397	7.000%, 1/15/2029	10,662
1,934	7.000%, 1/15/2029	2,034
10,930	7.000%, 1/15/2029	12,524
13,406	7.000%, 1/15/2029	15,386
30,725	7.000%, 1/15/2029	35,236
12,170	7.000%, 1/15/2029	13,859
2,630	7.000%, 1/15/2029	3,016
2,449	7.000%, 1/15/2029	2,794
2,869	7.000%, 1/15/2029	3,104
6,611	7.000%, 2/15/2029	7,562
5,983	7.000%, 2/15/2029	6,597
2,225	7.000%, 2/15/2029	2,538
119	7.000%, 2/15/2029	130
2,820	7.000%, 2/15/2029	3,232
2,622	7.000%, 2/15/2029	2,695
10,174	7.000%, 2/15/2029	11,628
230	7.000%, 2/15/2029	260
1,280	7.000%, 3/15/2029	1,448
9,749	7.000%, 3/15/2029	10,874
3,137	7.000%, 3/15/2029	3,576

**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—continued**

\$ 1,072	7.000%, 3/15/2029	\$ 1,230
1,043	7.000%, 3/15/2029	1,198
1,080	7.000%, 3/15/2029	1,236
34	7.000%, 3/15/2029	34
2,210	7.000%, 3/15/2029	2,507
1,671	7.000%, 3/15/2029	1,918
45,626	7.000%, 4/15/2029	52,236
2,008	7.000%, 4/15/2029	2,288
5,219	7.000%, 4/15/2029	5,970
9,529	7.000%, 4/15/2029	10,964
6,476	7.000%, 4/15/2029	7,082
222	7.000%, 4/15/2029	254
9,084	7.000%, 4/15/2029	10,217
2,498	7.000%, 4/15/2029	2,860
904	7.000%, 5/15/2029	1,033
2,849	7.000%, 5/15/2029	3,259
2,329	7.000%, 5/15/2029	2,676
2,827	7.000%, 5/15/2029	3,255
3,071	7.000%, 5/15/2029	3,513
5,989	7.000%, 6/15/2029	6,874
830	7.000%, 6/15/2029	954
2,724	7.000%, 6/15/2029	3,137
1,722	7.000%, 6/15/2029	1,983
296	7.000%, 6/15/2029	341
704	7.000%, 6/15/2029	811
10,727	7.000%, 6/15/2029	12,302
3,706	7.000%, 6/15/2029	4,224
6,244	7.000%, 7/15/2029	7,148
2,041	7.000%, 7/15/2029	2,267
11,173	7.000%, 7/15/2029	12,844
5,607	7.000%, 7/15/2029	6,461
2,443	7.000%, 7/15/2029	2,778
6,930	7.000%, 7/15/2029	7,948
55,779	7.000%, 7/15/2029	63,915
2,231	7.000%, 7/15/2029	2,562
1,088	7.000%, 7/15/2029	1,236
10,103	7.000%, 7/15/2029	11,642

**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—continued**

\$ 972	7.000%, 8/15/2029	\$ 1,118
9,940	7.000%, 8/15/2029	11,300
1,938	7.000%, 8/15/2029	2,237
2,197	7.000%, 8/15/2029	2,509
1,483	7.000%, 8/15/2029	1,712
12,481	7.000%, 9/15/2029	14,289
4,601	7.000%, 9/15/2029	5,302
7,059	7.000%, 9/15/2029	8,128
5,942	7.000%, 9/15/2029	6,863
3,699	7.000%, 9/15/2029	4,227
1,947	7.000%, 11/15/2029	2,251
4,083	7.000%, 12/15/2029	4,662
18,276	7.000%, 12/15/2029	20,924
19,517	7.000%, 1/15/2030	22,610
3,350	7.000%, 1/15/2030	3,878
8,192	7.000%, 1/15/2030	8,900
11,906	7.000%, 2/15/2030	13,793
9,896	7.000%, 2/15/2030	11,473
52,071	7.000%, 2/15/2030	60,366
19,578	7.000%, 2/15/2030	22,109
50,882	7.000%, 3/15/2030	58,586
21,017	7.000%, 3/15/2030	24,121
4,588	7.000%, 4/15/2030	4,998
3,305	7.000%, 4/15/2030	3,834
5,144	7.000%, 6/15/2030	5,959
16,379	7.000%, 6/15/2030	19,043
43,987	7.000%, 8/15/2030	51,030
7,235	7.000%, 8/15/2030	8,304
10,882	7.000%, 9/15/2030	12,096
5,140	7.000%, 10/15/2030	5,614
14,169	7.000%, 10/15/2030	16,438
3,638	7.000%, 11/15/2030	4,222
9,104	7.000%, 2/15/2031	10,565
108,480	7.000%, 2/15/2031	125,651
28,067	7.000%, 3/15/2031	32,551
4,031	7.000%, 3/15/2031	4,683
1,006	7.000%, 7/15/2031	1,163

**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—continued**

\$ 418	7.000%, 9/15/2031	\$ 478
21,354	7.000%, 10/15/2031	24,872
9,682	7.000%, 11/15/2031	11,296
14,618	7.000%, 1/15/2032	16,921
8,551	7.000%, 4/15/2032	9,913
13,258	7.000%, 5/15/2032	15,396
707	7.000%, 11/15/2032	789
576	7.000%, 1/15/2033	674
172,589	7.500%, 11/15/2027	194,892
138,270	7.500%, 11/15/2027	156,813
501	7.500%, 4/15/2029	574
4,782	7.500%, 7/15/2029	5,351
382	7.500%, 7/15/2029	440
647	7.500%, 8/15/2029	746
1,172	7.500%, 8/15/2029	1,363
30,200	7.500%, 8/15/2029	34,565
24,084	7.500%, 8/15/2029	27,895
9,243	7.500%, 8/15/2029	10,758
35,708	7.500%, 8/15/2029	41,596
20,702	7.500%, 8/20/2029	23,909
31,908	7.500%, 9/15/2029	36,926
4,611	7.500%, 9/15/2029	5,327
4,748	7.500%, 10/15/2029	5,522
10,425	7.500%, 10/15/2029	11,798
26,467	7.500%, 10/15/2029	30,520
3,196	7.500%, 10/15/2029	3,726
6,260	7.500%, 12/15/2029	7,232
7,924	7.500%, 1/15/2030	9,162
13,143	7.500%, 3/20/2030	15,246
17,204	7.500%, 8/15/2030	19,839
12,231	7.500%, 10/15/2030	14,322
59,905	7.500%, 10/15/2030	66,871
12,763	7.500%, 10/15/2030	14,820
12	7.500%, 10/15/2030	12
8,651	7.500%, 11/20/2030	10,085
7,388	7.500%, 12/15/2030	8,657
7,375	7.500%, 1/15/2031	8,653

**Principal  
Amount  
or Shares**

**Value**

<sup>1</sup>MORTGAGE-BACKED SECURITIES—continued

**Government National Mortgage Association—continued**

\$ 6,026	7.500%, 2/15/2031	\$ 7,061
22,311	7.500%, 4/20/2031	26,104
58,991	7.500%, 7/15/2031	68,665
1,608	7.500%, 9/15/2031	1,879
1,830	7.500%, 9/15/2031	1,869
16,316	7.500%, 10/15/2031	19,191
11,957	7.500%, 11/15/2031	14,090
11,993	7.500%, 12/15/2031	13,338
9,507	7.500%, 3/15/2032	11,151
7,662	7.500%, 5/15/2032	9,039
1,508	8.000%, 11/15/2023	1,599
54,225	8.000%, 11/15/2027	60,970
22,349	8.000%, 11/15/2027	25,129
9,475	8.000%, 5/15/2029	11,051
90,494	8.000%, 8/15/2029	105,287
69,449	8.000%, 11/15/2029	81,262
408	8.000%, 12/15/2029	416
29,450	8.000%, 12/15/2029	34,486
2,680	8.000%, 1/15/2030	3,134
13,587	8.000%, 1/15/2030	15,934
2,917	8.000%, 1/15/2030	3,385
1,434	8.000%, 3/15/2030	1,504
12,110	8.000%, 4/15/2030	14,244
423	8.000%, 4/15/2030	497
5,699	8.000%, 4/15/2030	6,625
3,177	8.000%, 4/15/2030	3,726
6,530	8.000%, 4/15/2030	7,647
764	8.000%, 4/15/2030	891
1,640	8.000%, 5/15/2030	1,889
2,028	8.000%, 5/15/2030	2,387
3,175	8.000%, 5/15/2030	3,732
8,144	8.000%, 5/15/2030	9,467
260	8.000%, 5/15/2030	299
1,302	8.000%, 5/15/2030	1,517
4,613	8.000%, 6/15/2030	5,353
8,928	8.000%, 6/15/2030	10,396
64,416	8.000%, 6/15/2030	75,431

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 31,319	8.000%, 6/15/2030	\$ 36,892
7,491	8.000%, 6/15/2030	8,701
8,046	8.000%, 6/15/2030	9,225
953	8.000%, 6/15/2030	1,120
1,116	8.000%, 6/15/2030	1,294
2,495	8.000%, 7/15/2030	2,924
4,072	8.000%, 7/15/2030	4,796
1,689	8.000%, 7/15/2030	1,808
44,638	8.000%, 7/15/2030	52,505
18,449	8.000%, 8/15/2032	21,926
21,466	8.500%, 6/15/2030	25,145
	<b>TOTAL</b>	<b>4,482,029</b>
	<sup>2</sup> <b>Uniform Mortgage-Backed Securities, TBA—25.2%</b>	
20,000,000	2.500%, 8/1/2050	21,012,500
44,500,000	3.000%, 8/1/2050	47,081,347
	<b>TOTAL</b>	<b>68,093,847</b>
	<b>TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$237,104,447)</b>	
		<b>244,640,970</b>
	COLLATERALIZED MORTGAGE OBLIGATIONS—21.6%	
	<b>Federal Home Loan Mortgage Corporation—12.5%</b>	
4,986,628	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3114, Class PF, 0.574% (1-month USLIBOR +0.400%), 2/15/2036	4,998,562
3,986,817	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3910, Class FB, 0.674% (1-month USLIBOR +0.500%), 8/15/2041	4,010,997
15,344,731	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 4863, Class F, 0.624% (1-month USLIBOR +0.450%), 3/15/2049	15,362,933
9,187,335	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 4915, Class FD, 0.624% (1-month USLIBOR +0.450%), 9/25/2049	9,246,031
	<b>TOTAL</b>	<b>33,618,523</b>
	<b>Federal National Mortgage Association—2.8%</b>	
1,305,953	<sup>3,4</sup> Federal National Mortgage Association REMIC, Series 2007-84, Class FN, 0.671% (1-month USLIBOR +0.500%), 8/25/2037	1,313,427
6,364,271	<sup>3,4</sup> Federal National Mortgage Association REMIC, Series 2018-95, Class FB, 0.571% (1-month USLIBOR +0.400%), 1/25/2049	6,374,503
	<b>TOTAL</b>	<b>7,687,930</b>
	<b>Government National Mortgage Association—6.3%</b>	
7,951,471	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2016-116, Class DF, 0.586% (1-month USLIBOR +0.400%), 9/20/2046	7,969,504

Principal Amount or Shares		Value
	COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 5,102,225	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2019-10, Class FC, 0.636% (1-month USLIBOR +0.450%), 1/20/2049	\$ 5,126,433
3,911,221	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2019-6, Class FJ, 0.586% (1-month USLIBOR +0.400%), 1/20/2049	3,918,773
	TOTAL	17,014,710
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$60,110,235)	58,321,163
	COMMERCIAL MORTGAGE-BACKED SECURITIES—3.6%	
	<b>Agency Commercial Mortgage-Backed Securities—3.6%</b>	
5,980,499	Federal Home Loan Mortgage Corp. REMIC, Series K106, Class A1, 1.783%, 5/25/2029	6,330,127
1,250,000	Federal Home Loan Mortgage Corp. REMIC, Series K107, Class A2, 1.639%, 1/25/2030	1,324,068
1,850,000	Federal National Mortgage Association REMIC, Series 2020-M14, Class A2, 1.784%, 5/25/2030	1,965,337
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$9,184,640)	9,619,532
	U.S. TREASURY—4.1%	
	<b>U.S. Treasury Notes—4.1%</b>	
9,965,400	U.S. Treasury Inflation-Protected Notes, 0.125%, 1/15/2030 (IDENTIFIED COST \$10,444,527)	11,051,754
	INVESTMENT COMPANY—6.8%	
18,397,210	Federated Hermes Government Obligations Fund, Premier Shares, 0.10% <sup>5</sup> (IDENTIFIED COST \$18,397,210)	18,397,210
	TOTAL INVESTMENT IN SECURITIES—126.7% (IDENTIFIED COST \$335,241,059) <sup>6</sup>	342,030,629
	OTHER ASSETS AND LIABILITIES - NET—(26.7)% <sup>7</sup>	(72,173,980)
	TOTAL NET ASSETS—100%	\$269,856,649

At July 31, 2020, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Depreciation
<sup>8</sup> United States Treasury Notes 10-Year Short Futures	60	\$ 8,404,688	September 2020	\$ (85,164)
<sup>8</sup> United States Treasury Notes 10-Year Ultra Short Futures	80	\$12,740,000	September 2020	\$(377,989)
NET UNREALIZED DEPRECIATION ON FUTURES CONTRACTS				\$(463,153)

Net Unrealized Depreciation on Futures Contracts is included in "Other Assets and Liabilities—Net."

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with affiliated fund holdings during the period ended July 31, 2020, were as follows:

	Federated Hermes Government Obligations Fund, Premier Shares
Balance of Shares Held 1/31/2020	7,998,382
Purchases/Additions	80,016,135
Sales/Reductions	(69,617,307)
Balance of Shares Held 7/31/2020	18,397,210
Value	\$ 18,397,210
Change in Unrealized Appreciation/Depreciation	N/A
Net Realized Gain/(Loss)	N/A
Dividend Income	\$ 29,979

- 1 *Due to monthly principal payments, the average lives of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Government National Mortgage Association securities approximates one to ten years.*
- 2 *To Be Announced Securities (TBAs). All or a portion of these securities are subject to dollar-roll transactions.*
- 3 *Floating/variable note with current rate and current maturity or next reset date shown.*
- 4 *All or a portion of these securities are segregated pending settlement of dollar-roll transactions.*
- 5 *7-day net yield.*
- 6 *The cost of investments for federal tax purposes amounts to \$333,195,177.*
- 7 *Assets, other than investment in securities, less liabilities. See Statement of Assets and Liabilities. A significant portion of this balance is the result of dollar-roll transactions as of July 31, 2020.*
- 8 *Non-income-producing security.*

Note: The categories of investments are shown as a percentage of total net assets at July 31, 2020.



Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of July 31, 2020, in valuing the Fund's assets carried at fair value:

#### Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Debt Securities:</b>				
Mortgage-Backed Securities	\$ —	\$244,640,970	\$—	\$244,640,970
Collateralized Mortgage Obligations	—	58,321,163	—	58,321,163
Commercial Mortgage-Backed Securities	—	9,619,532	—	9,619,532
U.S. Treasury	—	11,051,754	—	11,051,754
<b>Investment Company</b>	18,397,210	—	—	18,397,210
<b>TOTAL SECURITIES</b>	<b>\$18,397,210</b>	<b>\$323,633,419</b>	<b>\$—</b>	<b>\$342,030,629</b>
<b>Other Financial Instruments<sup>1</sup></b>				
Liabilities	\$ (463,153)	\$ —	\$—	\$ (463,153)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ (463,153)</b>	<b>\$ —</b>	<b>\$—</b>	<b>\$ (463,153)</b>

1 Other financial instruments are futures contracts.

The following acronyms are used throughout this portfolio:

LIBOR —London Interbank Offered Rate

REMIC—Real Estate Mortgage Investment Conduit

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 7/31/2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>	<b>\$10.34</b>	<b>\$10.44</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.07	0.21	0.24	0.21	0.17	0.17
Net realized and unrealized gain (loss)	0.25	0.35	(0.00) <sup>2</sup>	(0.13)	(0.17)	(0.03)
TOTAL FROM INVESTMENT OPERATIONS	0.32	0.56	0.24	0.08	0.00	0.14
<b>Less Distributions:</b>						
Distributions from net investment income	(0.08)	(0.22)	(0.24)	(0.24)	(0.21)	(0.24)
<b>Net Asset Value, End of Period</b>	<b>\$10.55</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>	<b>\$10.34</b>
<b>Total Return<sup>3</sup></b>	3.15%	5.69%	2.51%	0.78%	0.02%	1.36%
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>4</sup>	0.63% <sup>5</sup>	0.63%	0.63%	0.63%	0.62%	0.62%
Net investment income	1.27% <sup>5</sup>	2.09%	2.46%	2.07%	1.64%	1.67%
Expense waiver/reimbursement <sup>6</sup>	0.12% <sup>5</sup>	0.12%	0.12%	0.08%	0.08%	0.07%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$253,665	\$240,047	\$267,582	\$356,449	\$417,820	\$452,756
Portfolio turnover	173%	302%	56%	201%	264%	307%
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	51%	49%	33%	29%	17%	18%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Represents less than \$0.01.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 7/31/2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>	<b>\$10.34</b>	<b>\$10.44</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.06	0.19	0.22	0.19	0.15	0.15
Net realized and unrealized gain (loss)	0.25	0.35	(0.00) <sup>2</sup>	(0.13)	(0.17)	(0.03)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.31</b>	<b>0.54</b>	<b>0.22</b>	<b>0.06</b>	<b>(0.02)</b>	<b>0.12</b>
<b>Less Distributions:</b>						
Distributions from net investment income	(0.07)	(0.20)	(0.22)	(0.22)	(0.19)	(0.22)
<b>Net Asset Value, End of Period</b>	<b>\$10.55</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>	<b>\$10.34</b>
<b>Total Return<sup>3</sup></b>	<b>3.05%</b>	<b>5.48%</b>	<b>2.31%</b>	<b>0.58%</b>	<b>(0.18)%</b>	<b>1.16%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>4</sup>	0.83% <sup>5</sup>	0.83%	0.83%	0.83%	0.82%	0.82%
Net investment income	1.08% <sup>5</sup>	1.91%	2.26%	1.87%	1.44%	1.47%
Expense waiver/reimbursement <sup>6</sup>	0.09% <sup>5</sup>	0.09%	0.09%	0.06%	0.04%	0.03%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$16,191	\$17,083	\$23,873	\$28,203	\$34,800	\$58,206
Portfolio turnover	173%	302%	56%	201%	264%	307%
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	51%	49%	33%	29%	17%	18%

- Per share numbers have been calculated using the average shares method.*
- Represents less than \$0.01.*
- Based on net asset value. Total returns for periods of less than one year are not annualized.*
- Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*
- Computed on an annualized basis.*
- This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

July 31, 2020 (unaudited)

## Assets:

Investment in securities, at value including \$18,397,210 of investment in an affiliated holding* (identified cost \$335,241,059)	\$342,030,629
Income receivable	572,629
Income receivable from an affiliated holding*	1,318
Receivable for shares sold	195,006
Receivable for variation margin on futures contracts	283,000
<b>TOTAL ASSETS</b>	<b>343,082,582</b>

## Liabilities:

Payable for investments purchased	\$72,717,845
Payable for shares redeemed	365,968
Income distribution payable	46,926
Payable for Directors'/Trustees' fees (Note 5)	937
Payable for investment adviser fee (Note 5)	4,707
Payable for administrative fees (Note 5)	574
Payable for other service fees (Notes 2 and 5)	22,117
Accrued expenses (Note 5)	66,859
<b>TOTAL LIABILITIES</b>	<b>73,225,933</b>

Net assets for 25,576,533 shares outstanding	\$269,856,649
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## Net Assets Consist of:

Paid-in capital	\$271,776,140
Total distributable earnings (loss)	(1,919,491)
<b>TOTAL NET ASSETS</b>	<b>\$269,856,649</b>

## Net Asset Value, Offering Price and Redemption Proceeds Per Share

### Institutional Shares:

Net asset value per share ( $\$253,665,493 \div 24,041,979$ shares outstanding), no par value, unlimited shares authorized	\$10.55
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### Service Shares:

Net asset value per share ( $\$16,191,156 \div 1,534,554$ shares outstanding), no par value, unlimited shares authorized	\$10.55
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\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended July 31, 2020 (unaudited)

**Investment Income:**

Interest	\$2,493,853
Dividends received from an affiliated holding*	29,979
<b>TOTAL INCOME</b>	<b>2,523,832</b>

**Expenses:**

Investment adviser fee (Note 5)	\$ 528,542
Administrative fee (Note 5)	107,596
Custodian fees	19,125
Transfer agent fee	91,888
Directors'/Trustees' fees (Note 5)	5,076
Auditing fees	15,018
Legal fees	3,864
Portfolio accounting fees	78,098
Other service fees (Notes 2 and 5)	116,783
Share registration costs	22,090
Printing and postage	14,973
Miscellaneous (Note 5)	13,787
<b>TOTAL EXPENSES</b>	<b>1,016,840</b>

**Waiver and Reimbursements:**

Waiver/reimbursement of investment adviser fee (Note 5)	\$ (61,120)
Reimbursement of other operating expenses (Notes 2 and 5)	(100,552)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(161,672)</b>

Net expenses	855,168
Net investment income	1,668,664

**Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:**

Net realized gain on investments	4,137,182
Net realized loss on futures contracts	(798,384)
Net change in unrealized appreciation of investments	3,297,540
Net change in unrealized depreciation of futures contracts	(161,263)
Net realized and unrealized gain on investments and futures contracts	6,475,075
Change in net assets resulting from operations	\$8,143,739

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

	Six Months Ended (unaudited) 7/31/2020	Year Ended 1/31/2020
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 1,668,664	\$ 5,802,946
Net realized gain	3,338,798	1,427,404
Net change in unrealized appreciation/depreciation	3,136,277	8,244,160
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	8,143,739	15,474,510
<b>Distributions to Shareholders:</b>		
Institutional Shares	(2,000,794)	(5,672,501)
Service Shares	(115,493)	(425,930)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(2,116,287)	(6,098,431)
<b>Share Transactions:</b>		
Proceeds from sale of shares	59,658,350	27,786,909
Net asset value of shares issued to shareholders in payment of distributions declared	1,747,639	5,135,411
Cost of shares redeemed	(54,706,401)	(76,624,291)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	6,699,588	(43,701,971)
Change in net assets	12,727,040	(34,325,892)
<b>Net Assets:</b>		
Beginning of period	257,129,609	291,455,501
End of period	\$269,856,649	\$257,129,609

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

July 31, 2020 (unaudited)

## 1. ORGANIZATION

Federated Hermes Government Income Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, open-end management investment company. The Trust consists of one portfolio Federated Hermes Government Income Fund (the "Fund"). The Fund offers two classes of shares: Institutional Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is current income.

Prior to June 29, 2020, the name of the Trust and Fund was Federated Government Income Trust.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

### Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures

described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

### **Fair Valuation Procedures**

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser"), and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

### **Repurchase Agreements**

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred



securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared daily and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waiver and reimbursements of \$161,672 is disclosed in various locations in this Note 2 and Note 5.

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Institutional Shares and Service Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the six months ended July 31, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred	Other Service Fees Reimbursed
Institutional Shares	\$ 96,663	\$ (96,663)
Service Shares	20,120	(3,889)
TOTAL	\$116,783	\$(100,552)

## Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the six months ended July 31, 2020, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of July 31, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

## When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

The Fund may transact in To Be Announced Securities (TBAs). As with other delayed-delivery transactions, a seller agrees to issue TBAs at a future date. However, the seller does not specify the particular securities to be delivered. Instead, the Fund agrees to accept any security that meets specified terms such as issuer, interest rate and terms of underlying mortgages. The Fund records TBAs on the trade date utilizing information associated with the specified terms of the transaction as opposed to the specific mortgages. TBAs are marked to market daily and begin earning interest on the settlement date. Losses may occur due to the fact that the actual underlying mortgages received may be less favorable than those anticipated by the Fund.

## Futures Contracts

The Fund purchases and sells financial futures contracts to manage duration and yield curve risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and

Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

Futures contracts outstanding at period end are listed after the Fund's Portfolio of Investments.

The average notional value of short futures contracts held by the Fund throughout the period was \$12,954,035. This is based on amounts held as of each month-end throughout the six-month period.

### **Dollar-Roll Transactions**

The Fund engages in dollar-roll transactions in which the Fund sells mortgage-backed securities with a commitment to buy similar (same type, coupon and maturity), but not identical mortgage-backed securities on a future date. Both securities involved are TBA mortgage-backed securities. The Fund treats dollar-roll transactions as purchases and sales. Dollar-rolls are subject to interest rate risks and credit risks.

### **Option Contracts**

The Fund buys or sells put and call options to manage duration risk and yield curve risk. The seller ("writer") of an option receives a payment or premium, from the buyer, which the writer keeps regardless of whether the buyer exercises the option. When the Fund writes a put or call option, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. Premiums received from writing options which expire are treated as realized gains. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the underlying reference instrument. When the Fund purchases a put or call option, an amount equal to the premium paid is recorded as an increase to the cost of the investment and subsequently marked to market to reflect the current value of the option purchased. Premiums paid for purchasing options which expire are treated as realized losses. Premiums received/paid for writing/purchasing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying reference instrument to determine the realized gain or loss. The risk associated with purchasing put and call options is limited to the premium paid. Options can trade on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. This protects investors against potential defaults by the counterparty.

At July 31, 2020, the Fund had no outstanding written option contracts.

## Additional Disclosure Related to Derivative Instruments

	Assets	
	Statement of Assets and Liabilities Location	Fair Value
Derivatives not accounted for as hedging instruments under ASC Topic 815		
Interest rate contracts	Receivable for variation margin on futures contracts	\$(463,153)*

\* Includes cumulative depreciation of futures contracts as reported in the footnotes to the Portfolio of Investments. Only the current day's variation margin is reported within the Statement of Assets and Liabilities.

## The Effect of Derivative Instruments on the Statement of Operations for the Six Months Ended July 31, 2020

### Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

	Futures Contracts	Purchased Options <sup>1</sup>	Total
Interest rate contracts	\$(798,384)	\$34,055	\$(764,329)

1 The net realized gain (loss) on Purchased Option Contracts is found within the Net realized gain on investments on the Statement of Operations.

### Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income

	Futures Contracts
Interest rate contracts	\$(161,263)

## Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

### 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Six Months Ended 7/31/2020		Year Ended 1/31/2020	
	Shares	Amount	Shares	Amount
<b>Institutional Shares:</b>				
Shares sold	5,538,225	\$ 57,807,063	2,514,412	\$ 25,418,200
Shares issued to shareholders in payment of distributions declared	156,164	1,635,564	466,203	4,728,119
Shares redeemed	(4,945,958)	(51,465,339)	(6,537,311)	(66,343,302)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	748,431	\$ 7,977,288	(3,556,696)	\$(36,196,983)

	Six Months Ended 7/31/2020		Year Ended 1/31/2020	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	178,143	\$ 1,851,287	234,500	\$ 2,368,709
Shares issued to shareholders in payment of distributions declared	10,703	112,075	40,183	407,292
Shares redeemed	(311,869)	(3,241,062)	(1,012,444)	(10,280,989)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(123,023)	\$(1,277,700)	(737,761)	\$( 7,504,988)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	625,408	\$ 6,699,588	(4,294,457)	\$(43,701,971)

### 4. FEDERAL TAX INFORMATION

At July 31, 2020, the cost of investments for federal tax purposes was \$333,195,177. The net unrealized appreciation of investments for federal tax purposes was \$6,326,417. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$9,024,081 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$2,697,664. The amounts presented are inclusive of derivative contracts.

As of January 31, 2020, the Fund had a capital loss carryforward of \$13,199,095 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

Short-Term	Long-Term	Total
\$10,950,530	\$2,248,565	\$13,199,095

## 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.40% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For the six months ended July 31, 2020, the Adviser voluntarily waived \$56,432 of its fee. The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the six months ended July 31, 2020, the Adviser reimbursed \$4,688.

### Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

<b>Administrative Fee</b>	<b>Average Daily Net Assets of the Investment Complex</b>
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended July 31, 2020, the annualized fee paid to FAS was 0.081% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

### Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.05% of average daily net assets, annually, to compensate FSC. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended July 31, 2020, the Fund's Service Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

### Other Service Fees

For the six months ended July 31, 2020, FSSC received \$11,774 and reimbursed \$100,552 of the other service fees disclosed in Note 2.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Institutional Shares and Service Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.63% and 0.83% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) April 1, 2021; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

## Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended July 31, 2020, were as follows:

Purchases	\$18,594,676
Sales	\$ 6,535,818

## 7. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of an upfront fee, and its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of July 31, 2020, the Fund had no outstanding loans. During the six months ended July 31, 2020, the Fund did not utilize the LOC.

## **8. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of July 31, 2020, there were no outstanding loans. During the six months ended July 31, 2020, the program was not utilized.

## **9. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.



## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from February 1, 2020 to July 31, 2020.

### **ACTUAL EXPENSES**

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 2/1/2020	Ending Account Value 7/31/2020	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Institutional Shares	\$1,000	\$1,031.50	\$3.18
Service Shares	\$1,000	\$1,030.50	\$4.19
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Institutional Shares	\$1,000	\$1,021.73	\$3.17
Service Shares	\$1,000	\$1,020.74	\$4.17

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Institutional Shares	0.63%
Service Shares	0.83%

# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED GOVERNMENT INCOME TRUST (THE “FUND”)**

### **(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES GOVERNMENT INCOME FUND)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to continue the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

#### **Information Received and Review Process**

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes on behalf of the Independent Trustees encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year

and in between regularly scheduled meetings on particular matters as the need arose, as well as information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser's and sub-adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund's performance; the Fund's investment objectives; the Fund's expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the other funds advised by Federated Hermes (each, a "Federated Hermes Fund"), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes' affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes' responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of

compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board's determination to continue the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contract.

### **Fund Investment Performance**

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings and evaluated the Adviser's analysis of the Fund's performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful,

though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

For the periods ended December 31, 2019, the Fund's performance for the three-year and five-year periods was above the median of the relevant Performance Peer Group, and the Fund's performance fell below the median of the relevant Performance Peer Group for the one-year period. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contract.

### **Fund Expenses**

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the relevant Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

For comparison, the Board received and considered information about the fees charged by Federated Hermes for providing advisory services to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-mutual fund clients such as institutional separate accounts and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-mutual fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) and the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, noting that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' advisory fees.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contract.

### **Profitability and Other Benefits**

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or "fall-out") benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds' investment advisory contracts, but also fees received by Federated Hermes' affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated



Hermes Funds' administrator and distributor). In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract. The Board noted the consultant's view that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of “economies of scale” as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board’s review of the Contract, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size.

### **Conclusions**

The Board considered the CCO’s conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and the CCO’s recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board’s evaluation of the Federated Hermes Funds’ advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from

management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contract was appropriate.

The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing arrangement.

## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Government Income Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “LRMP”) for Federated Hermes Government Income Fund (the “Fund” and collectively with the Federated Hermes funds, the “Funds”). The LRMP seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of the Funds’ investment advisers as the administrators for the LRMP (collectively, the “Administrator”). The Administrator has established a Liquidity Risk Management Committee (the “Committee”) comprised of representatives from various departments across the Administrator to assist it in the implementation and on-going administration of the LRMP. The Committee, in turn, has delegated to the Fixed Income and Equities Liquidity Committees, each a separate committee previously established by the Administrator, the responsibility to review and assess certain information related to the liquidity of the Funds that fall within their respective asset classes.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2020, the Board received and reviewed a written report from the Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the LRMP for the period from the LRMP’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report addressed the operation of the LRMP and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Fund. There were no

material changes to the LRMP during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Funds. Such information and factors included, among other things:

- the liquidity risk framework used to assess, manage, and periodically review each Fund's liquidity risk and the results of this assessment, including a review of the Funds' access to other available funding sources such as the Funds' interfund lending facility, redemptions in-kind and committed lines of credit and confirmation that the Fund did not have to access any of these alternative funding sources during the Period;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the market disruptions resulting from the novel coronavirus outbreak, and the fact that there were no specific liquidity events during the Period that materially affected the Fund's liquidity risk.

Based on this review, the Administrator concluded that the LRMP is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://www.sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [FederatedInvestors.com](https://www.federatedinvestors.com).

*Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.

## Sign up for Electronic Delivery!

*A faster way to receive documents.*

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, option 4.



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Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)  
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