

**Annual  
Shareholder Report**  
January 31, 2021



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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

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from February 1, 2020 through January 31, 2021.

While Covid-19 continues to present challenges to our lives, families and businesses, I want you to know that Federated Hermes remains 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 cursive script, appearing to read "J. Christopher Donahue".

J. Christopher Donahue, President

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

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# Management's Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Government Income Fund (the "Fund"), based on net asset value for the 12-month reporting period ended January 31, 2021, was 3.73% for the Institutional Shares and 3.52% for the Service Shares. The 3.73% total return of the Institutional Shares for the reporting period consisted of 1.31% of taxable dividends and 2.42% of price appreciation in the net asset value of the shares. The Bloomberg Barclays U.S. Mortgage Backed Securities Index (BBMBS),<sup>1</sup> the Fund's broad-based securities market index, returned 3.23% for the same period. The total return of the Lipper U.S. Mortgage Funds Average (LUSMFA),<sup>2</sup> a peer group average for the Fund, was 3.35% for the same period. The Fund's and the LUSMFA's total returns for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which were not reflected in the total return of the BBMBS.

During the reporting period, the Fund's investment strategy focused on: (a) duration;<sup>3</sup> (b) security selection; and (c) sector allocation. These were the most significant factors affecting the Fund's performance relative to the BBMBS.

The following discussion will focus on the performance of the Fund's Institutional Shares relative to the BBMBS.

## MARKET OVERVIEW

The pandemic resulted in considerable economic disruption during the reporting period. U.S. Treasury yields fell significantly with declines concentrated at 10 years or shorter maturity points. After a very sharp drop in economic activity during the initial phase of the pandemic, the U.S. economy experienced a strong rebound as consumers and businesses found ways to operate even with considerable mobility restrictions and periodic fluctuations of virus activity. Consumer spending shifted away from travel and leisure services toward home investment and delivery-oriented consumption. At the end of the reporting period, U.S. gross domestic product (GDP) remained somewhat below its pre-pandemic peak but on a growth trajectory. Multiple vaccines were developed and approved during the reporting period, a tremendous scientific feat. By the end of the reporting period, more than one million people per day were receiving the vaccine in the U.S. alone. Outside the U.S., growth in Asia was more robust as the Covid-19 spread was more limited in South Korea, Japan and China. European growth was sluggish due to significant virus headwinds, a slower vaccine rollout and a continued lack of long-term demand growth. After an initial sharp drop in stock prices and dramatic widening of credit spreads, the stock market reached a new all-time high during the reporting period, and credit spreads compressed toward pre-pandemic tight credit spreads.

The Federal Reserve (the “Fed”) cut the federal funds target rate twice during the reporting period, moving the target rate from a range of 1.50%-1.75% down to 0.0%-0.25%. In addition, in response to significant dislocations in financial markets and in order to support economic activity during the pandemic, the Fed restarted large scale quantitative easing programs in Treasury and mortgage-backed securities<sup>4</sup> (MBS) markets and also created a series of investment funds to provide targeted support to credit markets and to small businesses. The U.S. government acted rapidly at the start of the pandemic to enact several rounds of fiscal support that provided direct support to consumers, small businesses and unemployed workers. Late in the reporting period, the U.S. Congress agreed to additional targeted measures to support the economy and aid the wide-scale rollout of vaccines. The Fed remained extremely accommodative and has stated that it expects to remain accommodative for an extended period to reach its goal of full employment and inflation on a path to rise above its 2% symmetric target.

During the reporting period, the 2-year U.S. Treasury yield decreased 120 basis points to 0.11% while the 10-year U.S. Treasury yield decreased 44 basis points to 1.07%.<sup>5</sup>

## **DURATION**

Duration for the Fund was longer than the BBMBS duration during the reporting period, contributing to Fund performance as interest rates fell. The Fund used derivatives as a tool to assist in managing Fund duration.<sup>6</sup> The principal derivatives used by the Fund were U.S. Treasury futures contracts and options on U.S. Treasury futures contracts. During the reporting period, the use of derivatives contributed negatively to Fund performance as gains on option contracts were more than offset by losses attributable to U.S. Treasury futures contracts.

## **SECURITY SELECTION**

Overall, during the reporting period, the Fund’s exposure to mortgage pools with characteristics that lowered prepayments relative to pools represented in the BBMBS positively contributed to the Fund’s performance as prepayments increased over the reporting period but did not increase as significantly for the Fund’s mortgage pools as compared to those represented in the index. As a result, security selection added to Fund performance during the reporting period.

## **SECTOR ALLOCATION**

Portfolio management allocated some Fund assets to agency guaranteed commercial MBS and Treasury Inflation-Protected Securities during the reporting period when spreads in those sectors were at historically wide levels. Spreads tightened in those asset classes, and, as a result, sector allocation made a positive contribution to Fund performance during the reporting period.

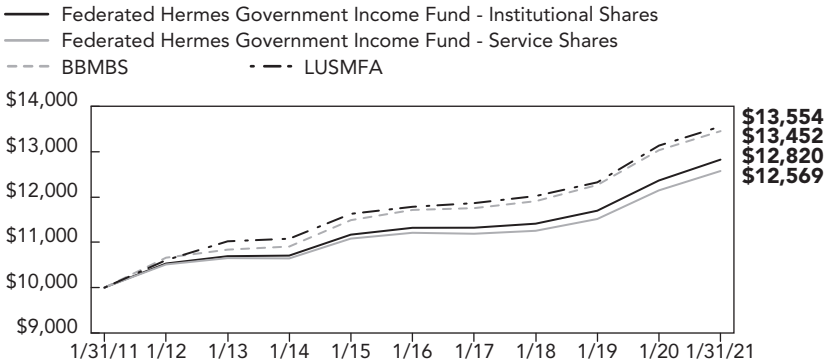
- 1 *Please see the footnotes to the line graph under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the BBMBS.*
- 2 *Please see the footnotes to the line graph under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the LUSMFA.*
- 3 *Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than other securities of shorter durations.*
- 4 *The value of some mortgage-backed securities may be particularly sensitive to changes in the prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.*
- 5 *Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.*
- 6 *The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.*

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000<sup>1</sup> in the Federated Hermes Government Income Fund from January 31, 2011 to January 31, 2021, compared to the Bloomberg Barclays U.S. Mortgage Backed Securities Index (BBMBS)<sup>2</sup> and the Lipper U.S. Mortgage Funds Average (LUSMFA).<sup>3</sup> The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of January 31, 2021



The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses.

#### Average Annual Total Returns for the Period Ended 1/31/2021

	1 Year	5 Years	10 Years
<b>Institutional Shares</b>	3.73%	2.52%	2.52%
<b>Service Shares</b>	3.52%	2.32%	2.31%
BBMBS	3.23%	2.81%	3.01%
LUSMFA	3.35%	2.93%	3.06%

**Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit [FederatedInvestors.com](http://FederatedInvestors.com) or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.**

- 1 *The Fund's performance assumes the reinvestment of all dividends and distributions. The BBMBS and the LUSMFA have been adjusted to reflect reinvestment of dividends on securities in the index and the average.*
- 2 *The BBMBS tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is not adjusted to reflect sales loads, expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index or average.*
- 3 *Lipper figures represent the average of the total returns reported by all funds designated by Lipper, Inc., as falling into the respective category and is not adjusted to reflect any sales charges. The Lipper figures in the Growth of \$10,000 line graph are based on historical return information published by Lipper and reflect the return of the funds comprising the category in the year of publication. Because the funds designated by Lipper as falling into the category can change over time, the Lipper figures in the line graph may not match the Lipper figures in the Average Annual Total Returns table, which reflect the return of the funds that currently comprise the category.*

# Portfolio of Investments Summary Table (unaudited)

At January 31, 2021, 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 <sup>2</sup>	94.4%
Collateralized Mortgage Obligations	19.4%
U.S. Government Agency Commercial Mortgage-Backed Securities	3.7%
U.S. Government Agency Securities	1.2%
Cash Equivalents <sup>3</sup>	3.3%
Derivative Contracts <sup>4</sup>	0.1%
Other Assets and Liabilities—Net <sup>5</sup>	(22.1)%
<b>TOTAL</b>	<b>100%</b>

- <sup>1</sup> See the Fund's prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.
- <sup>2</sup> All or a portion of these securities may be 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 1.7% 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

January 31, 2021

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—94.4%	
	<b>Federal Home Loan Mortgage Corporation—30.0%</b>	
\$ 2,973,373	1.500%, 11/1/2050	\$ 2,993,005
4,492,621	2.000%, 6/1/2050	4,641,007
9,431,195	3.000%, 1/1/2046	10,325,177
8,810,614	3.000%, 7/1/2050	9,287,840
12,977,623	3.000%, 10/1/2050	13,960,384
7,424,322	3.500%, 4/1/2050	7,908,917
11,762,204	3.500%, 4/1/2050	12,723,646
5,566,494	4.000%, 4/1/2049	6,139,672
183,974	4.000%, 6/1/2049	196,768
3,423,690	4.000%, 4/1/2050	3,663,885
145,455	4.500%, 3/1/2024	151,912
285,078	4.500%, 11/1/2039	319,426
387,923	4.500%, 5/1/2040	434,661
621,014	4.500%, 6/1/2040	695,836
127,278	4.500%, 9/1/2040	142,613
91,923	5.000%, 8/1/2023	95,400
19,012	5.500%, 12/1/2021	19,318
2,883	5.500%, 1/1/2022	2,934
2,680	5.500%, 1/1/2022	2,728
12,868	5.500%, 1/1/2022	13,074
566,765	5.500%, 5/1/2034	653,610
18,391	5.500%, 12/1/2035	21,442
93,257	5.500%, 3/1/2036	108,850
239,123	5.500%, 1/1/2038	279,289
105,376	5.500%, 3/1/2038	123,325
82,543	5.500%, 11/1/2038	96,771
82,258	5.500%, 1/1/2039	96,275
75,755	6.000%, 3/1/2038	90,449
17,586	6.500%, 9/1/2029	19,776
29,559	7.000%, 2/1/2031	34,966
31,841	7.000%, 10/1/2031	36,213
30,608	7.000%, 1/1/2032	36,082
34,482	7.000%, 3/1/2032	39,972
90,317	7.500%, 6/1/2027	102,140
14,374	7.500%, 8/1/2029	16,686
4,381	7.500%, 1/1/2031	5,126

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Federal Home Loan Mortgage Corporation—continued</b>	
\$ 88,730	7.500%, 2/1/2031	\$ 103,835
	TOTAL	75,583,010
	<b>Federal National Mortgage Association—41.6%</b>	
6,858,972	2.500%, 10/1/2030	7,238,960
1,937,733	3.000%, 6/1/2027	2,062,743
1,217,083	3.000%, 7/1/2027	1,299,024
2,068,384	3.000%, 8/1/2045	2,195,285
12,580,943	3.000%, 10/1/2046	13,494,350
4,974,595	3.000%, 9/1/2047	5,360,636
11,034,732	3.000%, 3/1/2050	11,818,639
4,374,664	3.500%, 12/1/2041	4,781,463
2,155,984	3.500%, 9/1/2042	2,384,766
239,920	3.500%, 9/1/2042	261,556
706,548	3.500%, 12/1/2042	770,262
6,325,385	3.500%, 5/1/2049	6,893,024
4,762,388	3.500%, 9/1/2049	5,223,101
4,790,259	3.500%, 12/1/2049	5,226,723
5,929,788	3.500%, 12/1/2049	6,418,195
2,408,250	4.000%, 12/1/2031	2,617,092
1,587,799	4.000%, 12/1/2041	1,758,737
6,541,581	4.000%, 12/1/2041	7,290,800
1,543,424	4.000%, 6/1/2042	1,708,620
3,872,901	4.000%, 12/1/2042	4,316,471
1,658,517	4.500%, 9/1/2041	1,857,822
736,827	4.500%, 10/1/2041	824,221
1,661,841	4.500%, 11/1/2041	1,857,392
152,128	4.500%, 11/1/2041	170,029
2,696,163	4.500%, 8/1/2049	3,010,895
86,620	5.000%, 10/1/2023	90,008
48,887	5.000%, 4/1/2024	51,097
806,819	5.000%, 1/1/2040	929,039
280,096	5.500%, 12/1/2035	325,953
7,394	6.000%, 2/1/2022	7,526
556,134	6.000%, 2/1/2033	646,167
26,780	6.000%, 5/1/2036	31,781
113,902	6.000%, 7/1/2036	136,045
310,664	6.000%, 1/1/2037	370,738
27,304	6.000%, 9/1/2037	32,689
45,901	6.000%, 9/1/2037	55,021

Principal Amount or Shares		Value
<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued		
<b>Federal National Mortgage Association—continued</b>		
\$ 86,373	6.000%, 6/1/2038	\$ 103,083
71,355	6.000%, 8/1/2038	85,522
38,356	6.000%, 10/1/2038	45,818
1,814	6.500%, 12/1/2027	2,032
2,865	6.500%, 6/1/2029	3,281
8,410	6.500%, 7/1/2029	9,620
6,894	6.500%, 8/1/2029	7,822
1,589	6.500%, 8/1/2029	1,810
132,974	6.500%, 5/1/2032	153,951
27,812	6.500%, 12/1/2035	33,176
28,252	6.500%, 7/1/2037	33,999
315,931	6.500%, 8/1/2037	378,712
64,674	6.500%, 9/1/2037	77,818
1,037	7.000%, 7/1/2029	1,195
2,975	7.000%, 9/1/2029	3,081
140	7.000%, 10/1/2031	153
49,500	7.000%, 11/1/2031	58,730
45,042	7.000%, 12/1/2031	53,656
12,369	7.000%, 12/1/2031	14,716
14,349	7.000%, 12/1/2031	16,920
5,407	7.000%, 1/1/2032	6,389
32,140	7.000%, 2/1/2032	38,370
17,367	7.500%, 7/1/2028	20,015
27,875	7.500%, 8/1/2031	32,964
54,137	8.000%, 12/1/2026	60,889
860	10.000%, 9/1/2021	862
	<b>TOTAL</b>	<b>104,761,454</b>
<b>Government National Mortgage Association—1.6%</b>		
177,860	5.500%, 4/15/2034	202,581
407,720	5.500%, 6/15/2034	466,785
51,791	6.000%, 1/15/2032	59,834
189,053	6.000%, 5/15/2036	221,070
5,300	6.500%, 5/15/2027	5,891
4,294	6.500%, 1/15/2029	4,902
11,651	6.500%, 1/15/2029	13,216
6,772	6.500%, 1/20/2029	7,619
3,928	6.500%, 2/15/2029	4,260
2,190	6.500%, 3/20/2029	2,472
3,326	6.500%, 5/20/2029	3,766

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 7,673	6.500%, 7/20/2029	\$ 8,696
3,738	6.500%, 8/20/2029	4,245
1,753	6.500%, 10/20/2029	1,980
3,451	6.500%, 11/20/2029	3,937
2,687	6.500%, 10/20/2030	3,082
4,433	6.500%, 4/20/2031	5,107
2,292	6.500%, 5/20/2031	2,643
12,796	6.500%, 6/20/2031	14,754
5,022	6.500%, 7/15/2031	5,804
745	6.500%, 7/15/2031	865
3,580	6.500%, 7/20/2031	4,134
3,816	6.500%, 10/20/2031	4,412
3,150	6.500%, 11/20/2031	3,641
9,682	6.500%, 1/20/2032	11,186
140,447	6.500%, 10/20/2038	167,753
13,902	7.000%, 6/15/2026	15,325
4,604	7.000%, 6/15/2026	5,063
4,907	7.000%, 12/15/2026	5,388
6,668	7.000%, 6/15/2027	7,362
1,158	7.000%, 10/15/2027	1,290
3,247	7.000%, 11/15/2027	3,585
3,818	7.000%, 2/15/2028	4,260
11,324	7.000%, 4/15/2028	12,719
2,310	7.000%, 6/15/2028	2,614
17,707	7.000%, 6/15/2028	19,972
8,545	7.000%, 7/15/2028	9,567
14,072	7.000%, 7/15/2028	15,771
43,882	7.000%, 8/15/2028	49,935
6,618	7.000%, 8/15/2028	7,465
905	7.000%, 9/15/2028	1,016
3,572	7.000%, 9/15/2028	4,033
4,006	7.000%, 10/15/2028	4,541
15,359	7.000%, 10/15/2028	17,306
1,101	7.000%, 11/15/2028	1,111
48,492	7.000%, 11/15/2028	55,384
12,345	7.000%, 12/15/2028	13,924
13,019	7.000%, 12/15/2028	14,897
34,889	7.000%, 12/15/2028	38,707
15,468	7.000%, 12/15/2028	17,446

Principal Amount or Shares		Value
<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued		
<b>Government National Mortgage Association—continued</b>		
\$ 3,647	7.000%, 1/15/2029	\$ 4,161
2,516	7.000%, 1/15/2029	2,881
4,699	7.000%, 1/15/2029	5,283
2,545	7.000%, 1/15/2029	2,740
2,328	7.000%, 1/15/2029	2,652
11,583	7.000%, 1/15/2029	13,168
3,485	7.000%, 1/15/2029	3,867
1,542	7.000%, 1/15/2029	1,609
10,451	7.000%, 1/15/2029	11,958
12,828	7.000%, 1/15/2029	14,704
29,386	7.000%, 1/15/2029	33,653
1,558	7.000%, 2/15/2029	1,727
2,696	7.000%, 2/15/2029	3,084
1,143	7.000%, 2/15/2029	1,156
6,313	7.000%, 2/15/2029	7,210
2,116	7.000%, 2/15/2029	2,411
9,710	7.000%, 2/15/2029	11,080
213	7.000%, 2/15/2029	241
107	7.000%, 2/15/2029	117
1,209	7.000%, 3/15/2029	1,365
8,891	7.000%, 3/15/2029	9,898
2,969	7.000%, 3/15/2029	3,382
1,026	7.000%, 3/15/2029	1,175
999	7.000%, 3/15/2029	1,146
1,597	7.000%, 3/15/2029	1,829
1,032	7.000%, 3/15/2029	1,179
1,884	7.000%, 3/15/2029	2,148
43,498	7.000%, 4/15/2029	49,726
2,385	7.000%, 4/15/2029	2,727
1,876	7.000%, 4/15/2029	2,136
4,924	7.000%, 4/15/2029	5,623
8,495	7.000%, 4/15/2029	9,542
5,747	7.000%, 4/15/2029	6,250
212	7.000%, 4/15/2029	243
2,921	7.000%, 5/15/2029	3,336
652	7.000%, 5/15/2029	743
2,230	7.000%, 5/15/2029	2,559
2,712	7.000%, 5/15/2029	3,119
2,720	7.000%, 5/15/2029	3,106

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 5,732	7.000%, 6/15/2029	\$ 6,570
2,613	7.000%, 6/15/2029	3,005
3,524	7.000%, 6/15/2029	4,010
284	7.000%, 6/15/2029	327
676	7.000%, 6/15/2029	778
10,256	7.000%, 6/15/2029	11,745
1,652	7.000%, 6/15/2029	1,900
793	7.000%, 6/15/2029	910
5,920	7.000%, 7/15/2029	6,761
1,846	7.000%, 7/15/2029	2,038
10,706	7.000%, 7/15/2029	12,292
52,793	7.000%, 7/15/2029	60,459
9,690	7.000%, 7/15/2029	11,154
1,033	7.000%, 7/15/2029	1,171
2,102	7.000%, 7/15/2029	2,415
5,382	7.000%, 7/15/2029	6,195
2,280	7.000%, 7/15/2029	2,587
6,628	7.000%, 7/15/2029	7,591
932	7.000%, 8/15/2029	1,070
1,862	7.000%, 8/15/2029	2,147
2,087	7.000%, 8/15/2029	2,380
1,425	7.000%, 8/15/2029	1,643
7,416	7.000%, 8/15/2029	8,462
1,965	7.000%, 9/15/2029	2,253
11,801	7.000%, 9/15/2029	13,466
5,711	7.000%, 9/15/2029	6,589
4,417	7.000%, 9/15/2029	5,084
6,774	7.000%, 9/15/2029	7,791
1,873	7.000%, 11/15/2029	2,162
17,453	7.000%, 12/15/2029	19,951
3,629	7.000%, 12/15/2029	4,141
3,226	7.000%, 1/15/2030	3,730
18,797	7.000%, 1/15/2030	21,754
18,274	7.000%, 2/15/2030	20,569
4,182	7.000%, 2/15/2030	4,836
9,409	7.000%, 2/15/2030	10,898
50,178	7.000%, 2/15/2030	58,113
48,809	7.000%, 3/15/2030	56,137
20,102	7.000%, 3/15/2030	23,041

Principal Amount or Shares		Value
<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued		
<b>Government National Mortgage Association—continued</b>		
\$ 2,781	7.000%, 4/15/2030	\$ 2,937
3,186	7.000%, 4/15/2030	3,693
15,811	7.000%, 6/15/2030	18,364
4,954	7.000%, 6/15/2030	5,733
42,393	7.000%, 8/15/2030	49,133
6,910	7.000%, 8/15/2030	7,921
9,912	7.000%, 9/15/2030	10,957
13,657	7.000%, 10/15/2030	15,828
4,338	7.000%, 10/15/2030	4,691
3,519	7.000%, 11/15/2030	4,101
8,807	7.000%, 2/15/2031	10,265
104,772	7.000%, 2/15/2031	121,864
3,878	7.000%, 3/15/2031	4,501
27,072	7.000%, 3/15/2031	31,510
968	7.000%, 7/15/2031	1,118
392	7.000%, 9/15/2031	449
20,705	7.000%, 10/15/2031	24,106
9,226	7.000%, 11/15/2031	10,742
8,339	7.000%, 1/15/2032	9,516
8,220	7.000%, 4/15/2032	9,527
12,499	7.000%, 5/15/2032	14,526
660	7.000%, 11/15/2032	735
560	7.000%, 1/15/2033	656
154,310	7.500%, 11/15/2027	174,269
128,818	7.500%, 11/15/2027	145,987
476	7.500%, 4/15/2029	545
4,440	7.500%, 7/15/2029	4,953
364	7.500%, 7/15/2029	419
1,097	7.500%, 8/15/2029	1,271
522	7.500%, 8/15/2029	600
28,575	7.500%, 8/15/2029	32,705
23,076	7.500%, 8/15/2029	26,729
8,884	7.500%, 8/15/2029	10,345
34,341	7.500%, 8/15/2029	40,025
18,601	7.500%, 8/20/2029	21,406
4,401	7.500%, 9/15/2029	5,083
30,439	7.500%, 9/15/2029	35,190
4,560	7.500%, 10/15/2029	5,306
9,725	7.500%, 10/15/2029	10,983

Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 17,598	7.500%, 10/15/2029	\$ 20,204
3,076	7.500%, 10/15/2029	3,588
5,590	7.500%, 12/15/2029	6,462
7,158	7.500%, 1/15/2030	8,284
12,116	7.500%, 3/20/2030	14,032
14,943	7.500%, 8/15/2030	17,242
11,832	7.500%, 10/15/2030	13,933
53,003	7.500%, 10/15/2030	58,784
12,088	7.500%, 10/15/2030	14,027
7,720	7.500%, 11/20/2030	8,986
7,150	7.500%, 12/15/2030	8,426
7,143	7.500%, 1/15/2031	8,430
5,832	7.500%, 2/15/2031	6,873
21,272	7.500%, 4/20/2031	24,945
56,333	7.500%, 7/15/2031	65,600
1,541	7.500%, 9/15/2031	1,802
644	7.500%, 9/15/2031	653
15,824	7.500%, 10/15/2031	18,646
11,607	7.500%, 11/15/2031	13,703
10,921	7.500%, 12/15/2031	12,112
8,654	7.500%, 3/15/2032	10,160
6,419	7.500%, 5/15/2032	7,602
1,121	8.000%, 11/15/2023	1,180
29,963	8.000%, 11/15/2027	33,438
18,972	8.000%, 11/15/2027	21,375
9,106	8.000%, 5/15/2029	10,616
18,791	8.000%, 8/15/2029	21,945
66,880	8.000%, 11/15/2029	78,238
28,378	8.000%, 12/15/2029	33,225
2,575	8.000%, 1/15/2030	3,010
13,105	8.000%, 1/15/2030	15,368
2,793	8.000%, 1/15/2030	3,239
1,049	8.000%, 3/15/2030	1,089
11,701	8.000%, 4/15/2030	13,764
408	8.000%, 4/15/2030	480
6,269	8.000%, 4/15/2030	7,340
720	8.000%, 4/15/2030	837
5,460	8.000%, 4/15/2030	6,343
3,052	8.000%, 4/15/2030	3,579



Principal Amount or Shares		Value
	<sup>1</sup> MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 1,960	8.000%, 5/15/2030	\$ 2,308
1,250	8.000%, 5/15/2030	1,456
247	8.000%, 5/15/2030	283
1,439	8.000%, 5/15/2030	1,662
3,067	8.000%, 5/15/2030	3,605
7,810	8.000%, 5/15/2030	9,073
4,966	8.000%, 6/15/2030	5,587
921	8.000%, 6/15/2030	1,082
934	8.000%, 6/15/2030	1,095
4,391	8.000%, 6/15/2030	5,092
8,569	8.000%, 6/15/2030	9,973
62,084	8.000%, 6/15/2030	72,687
30,290	8.000%, 6/15/2030	35,682
6,746	8.000%, 6/15/2030	7,770
1,209	8.000%, 7/15/2030	1,271
43,093	8.000%, 7/15/2030	50,690
2,405	8.000%, 7/15/2030	2,818
3,926	8.000%, 7/15/2030	4,625
17,999	8.000%, 8/15/2032	21,414
20,525	8.500%, 6/15/2030	24,010
	TOTAL	3,956,807
	<sup>2</sup> Uniform Mortgage-Backed Securities, TBA—21.2%	
15,000,000	2.000%, 2/1/2051	15,485,881
36,000,000	2.500%, 2/1/2051	37,923,761
	TOTAL	53,409,642
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$233,391,219)	
		237,710,913
	COLLATERALIZED MORTGAGE OBLIGATIONS—19.4%	
	<b>Federal Home Loan Mortgage Corporation—11.0%</b>	
4,545,611	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3114, Class PF, 0.526% (1-month USLIBOR +0.400%), 2/15/2036	4,587,329
3,421,344	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3910, Class FB, 0.626% (1-month USLIBOR +0.500%), 8/15/2041	3,466,545
11,177,103	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 4863, Class F, 0.576% (1-month USLIBOR +0.450%), 3/15/2049	11,261,203
8,179,381	<sup>3,4</sup> Federal Home Loan Mortgage Corp. REMIC, Series 4915, Class FD, 0.580% (1-month USLIBOR +0.450%), 9/25/2049	8,253,379
	TOTAL	27,568,456
	<b>Federal National Mortgage Association—2.7%</b>	
1,071,990	<sup>3,4</sup> Federal National Mortgage Association REMIC, Series 2007-84, Class FN, 0.648% (1-month USLIBOR +0.500%), 8/25/2037	1,083,820

Principal Amount or Shares		Value
	COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Federal National Mortgage Association—continued</b>	
\$ 5,762,960	<sup>3,4</sup> Federal National Mortgage Association REMIC, Series 2018-95, Class FB, 0.530% (1-month USLIBOR +0.400%), 1/25/2049	\$ 5,807,515
	TOTAL	6,891,335
	<b>Government National Mortgage Association—5.7%</b>	
6,938,881	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2016-116, Class DF, 0.530% (1-month USLIBOR +0.400%), 9/20/2046	6,974,447
3,138,615	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2019-6, Class FJ, 0.530% (1-month USLIBOR +0.400%), 1/20/2049	3,159,692
4,181,146	<sup>3,4</sup> Government National Mortgage Association REMIC, Series 2019-10, Class FC, 0.580% (1-month USLIBOR +0.450%), 1/20/2049	4,212,566
	TOTAL	14,346,705
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$48,354,936)	48,806,496
	COMMERCIAL MORTGAGE-BACKED SECURITIES—3.7%	
	<b>Agency Commercial Mortgage-Backed Securities—3.7%</b>	
5,951,127	Federal Home Loan Mortgage Corp. REMIC, Series K106, Class A1, 1.783%, 5/25/2029	6,174,812
1,250,000	Federal Home Loan Mortgage Corp. REMIC, Series K107, Class A2, 1.639%, 1/25/2030	1,294,339
1,850,000	Federal National Mortgage Association REMIC, Series 2020-M14, Class A2, 1.784%, 5/25/2030	1,912,573
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$9,155,122)	9,381,724
	GOVERNMENT AGENCY—1.2%	
	<b>Federal Farm Credit System—1.2%</b>	
3,000,000	0.700%, 1/27/2027 (IDENTIFIED COST \$3,000,000)	2,998,501
	INVESTMENT COMPANY—3.3%	
8,455,721	<sup>3</sup> Federated Hermes Government Obligations Fund, Premier Shares, 0.01% <sup>5</sup> (IDENTIFIED COST \$8,455,721)	8,455,721
	TOTAL INVESTMENT IN SECURITIES—122.0% (IDENTIFIED COST \$302,356,998) <sup>6</sup>	307,353,355
	OTHER ASSETS AND LIABILITIES - NET—(22.0)% <sup>7</sup>	(55,463,923)
	TOTAL NET ASSETS—100%	\$251,889,432

At January 31, 2021, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation
<b>Short Futures:</b>				
<sup>8</sup> United States Treasury Long Bond Short Futures	35	\$ 5,905,156	March 2021	\$ 24,450
<sup>8</sup> United States Treasury Note 10-Year Short Futures	85	\$11,647,656	March 2021	\$ 78,360
<sup>8</sup> United States Treasury Note 10-Year Ultra Short Futures	25	\$ 3,845,703	March 2021	\$ 68,406
NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS				\$171,216

Net Unrealized Appreciation 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 the affiliated fund holdings during the period ended January 31, 2021, were as follows:

	Federated Hermes Government Obligations Fund, Premier Shares
Value as of 1/31/2020	\$ 7,998,382
Purchases at Cost	\$ 144,648,901
Proceeds from Sales	\$(144,191,562)
Change in Unrealized Appreciation/Depreciation	N/A
Net Realized Gain/(Loss)	N/A
Value as of 1/31/2021	\$ 8,455,721
Shares Held as of 1/31/2021	8,455,721
Dividend Income	\$ 32,471

- <sup>1</sup> 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.
- <sup>2</sup> All or a portion of these To Be Announced Securities (TBAs) are subject to dollar-roll transactions.
- <sup>3</sup> All or a portion of these securities are segregated pending settlement of dollar-roll transactions.
- <sup>4</sup> Floating/variable note with current rate and current maturity or next reset date shown.
- <sup>5</sup> 7-day net yield.
- <sup>6</sup> The cost of investments for federal tax purposes amounts to \$302,167,903.
- <sup>7</sup> Assets, other than investments in securities, less liabilities. A significant portion of this balance is the result of dollar-roll transactions as of January 31, 2021.
- <sup>8</sup> Non-income-producing security.

Note: The categories of investments are shown as a percentage of total net assets at January 31, 2021.

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 January 31, 2021, 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	\$ —	\$237,710,913	\$—	\$237,710,913
Collateralized Mortgage Obligations	—	48,806,496	—	48,806,496
Commercial Mortgage-Backed Securities	—	9,381,724	—	9,381,724
Government Agency	—	2,998,501	—	2,998,501
<b>Investment Company</b>	8,455,721	—	—	8,455,721
<b>TOTAL SECURITIES</b>	<b>\$8,455,721</b>	<b>\$298,897,634</b>	<b>\$—</b>	<b>\$307,353,355</b>
<b>Other Financial Instruments:<sup>1</sup></b>				
Assets	\$ 171,216	\$ —	\$—	\$ 171,216
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ 171,216</b>	<b>\$ —</b>	<b>\$—</b>	<b>\$ 171,216</b>

1 Other financial instruments are futures contracts.

The following acronym(s) 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)

	Year Ended January 31,				
	2021	2020	2019	2018	2017
<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>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.09	0.21	0.24	0.21	0.17
Net realized and unrealized gain (loss)	0.29	0.35	(0.00) <sup>2</sup>	(0.13)	(0.17)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.38</b>	<b>0.56</b>	<b>0.24</b>	<b>0.08</b>	<b>0.00</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.13)	(0.22)	(0.24)	(0.24)	(0.21)
<b>Net Asset Value, End of Period</b>	<b>\$10.56</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>
<b>Total Return<sup>3</sup></b>	<b>3.73%</b>	<b>5.69%</b>	<b>2.51%</b>	<b>0.78%</b>	<b>0.02%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>4</sup>	0.63%	0.63%	0.63%	0.63%	0.62%
Net investment income	0.86%	2.09%	2.46%	2.07%	1.64%
Expense waiver/reimbursement <sup>5</sup>	0.13%	0.12%	0.12%	0.08%	0.08%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$235,598	\$240,047	\$267,582	\$356,449	\$417,820
Portfolio turnover	336%	302%	56%	201%	264%
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	85%	49%	33%	29%	17%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Represents less than \$0.01.
- 3 Based on net asset value.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 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)

	Year Ended January 31,				
	2021	2020	2019	2018	2017
<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>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.14	0.19	0.22	0.19	0.15
Net realized and unrealized gain (loss)	0.22	0.35	(0.00) <sup>2</sup>	(0.13)	(0.17)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.36</b>	<b>0.54</b>	<b>0.22</b>	<b>0.06</b>	<b>(0.02)</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.11)	(0.20)	(0.22)	(0.22)	(0.19)
<b>Net Asset Value, End of Period</b>	<b>\$10.56</b>	<b>\$10.31</b>	<b>\$9.97</b>	<b>\$9.97</b>	<b>\$10.13</b>
<b>Total Return<sup>3</sup></b>	<b>3.52%</b>	<b>5.48%</b>	<b>2.31%</b>	<b>0.58%</b>	<b>(0.18)%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>4</sup>	0.83%	0.83%	0.83%	0.83%	0.82%
Net investment income	1.36%	1.91%	2.26%	1.87%	1.44%
Expense waiver/reimbursement <sup>5</sup>	0.10%	0.09%	0.09%	0.06%	0.04%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$16,292	\$17,083	\$23,873	\$28,203	\$34,800
Portfolio turnover	336%	302%	56%	201%	264%
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	85%	49%	33%	29%	17%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Represents less than \$0.01.
- 3 Based on net asset value.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 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

January 31, 2021

## Assets:

Investment in securities, at value including \$8,455,721 of investments in an affiliated holding* (identified cost \$302,356,998)	\$307,353,355
Due from broker (Note 2)	277,500
Income receivable	545,144
Income receivable from an affiliated holding	105
Receivable for investments sold	1,028,524
Receivable for shares sold	150,040
Receivable for variation margin on futures contracts	56,600
<b>TOTAL ASSETS</b>	<b>309,411,268</b>

## Liabilities:

Payable for investments purchased	54,257,645
Payable for shares redeemed	3,089,542
Income distribution payable	16,889
Payable to adviser (Note 5)	8,928
Payable for administrative fee (Note 5)	1,612
Payable for other service fees (Notes 2 and 5)	18,722
Accrued expenses (Note 5)	128,498
<b>TOTAL LIABILITIES</b>	<b>57,521,836</b>
Net assets for 23,860,067 shares outstanding	\$251,889,432

## Net Assets Consist of:

Paid-in capital	\$253,688,743
Total distributable earnings (loss)	(1,799,311)
<b>TOTAL NET ASSETS</b>	<b>\$251,889,432</b>

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

### Institutional Shares:

Net asset value per share ( $\$235,597,504 \div 22,316,841$ shares outstanding), no par value, unlimited shares authorized	\$ 10.56
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### Service Shares:

Net asset value per share ( $\$16,291,928 \div 1,543,226$ shares outstanding), no par value, unlimited shares authorized	\$ 10.56
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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

Year Ended January 31, 2021

<b>Investment Income:</b>	
Interest	\$4,025,108
Dividends received from an affiliated holding*	32,471
TOTAL INCOME	4,057,579
<b>Expenses:</b>	
Investment adviser fee (Note 5)	1,053,479
Administrative fee (Note 5)	212,512
Custodian fees	39,023
Transfer agent fees	181,887
Directors'/Trustees' fees (Note 5)	8,453
Auditing fees	30,201
Legal fees	9,171
Portfolio accounting fees	156,552
Other service fees (Notes 2 and 5)	228,860
Share registration costs	44,690
Printing and postage	35,016
Miscellaneous (Note 5)	39,728
TOTAL EXPENSES	2,039,572
<b>Waiver and Reimbursements:</b>	
Waiver/reimbursement of investment adviser fee (Note 5)	(138,568)
Reimbursement of other operating expenses (Notes 2 and 5)	(196,018)
TOTAL WAIVER AND REIMBURSEMENTS	(334,586)
Net expenses	1,704,986
Net investment income	2,352,593
<b>Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:</b>	
Net realized gain on investments	5,897,589
Net realized loss on futures contracts	(770,241)
Net change in unrealized appreciation of investments	1,504,327
Net change in unrealized depreciation of futures contracts	473,106
Net realized and unrealized gain (loss) on investments and futures contracts	7,104,781
Change in net assets resulting from operations	\$9,457,374

\* 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

Year Ended January 31	2021	2020
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 2,352,593	\$ 5,802,946
Net realized gain (loss)	5,127,348	1,427,404
Net change in unrealized appreciation/depreciation	1,977,433	8,244,160
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	9,457,374	15,474,510
<b>Distributions to Shareholders:</b>		
Institutional Shares	(3,135,876)	(5,672,501)
Service Shares	(173,866)	(425,930)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(3,309,742)	(6,098,431)
<b>Share Transactions:</b>		
Proceeds from sale of shares	78,994,260	27,786,909
Net asset value of shares issued to shareholders in payment of distributions declared	2,712,400	5,135,411
Cost of shares redeemed	(93,094,469)	(76,624,291)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(11,387,809)	(43,701,971)
Change in net assets	(5,240,177)	(34,325,892)
<b>Net Assets:</b>		
Beginning of period	257,129,609	291,455,501
End of period	\$251,889,432	\$257,129,609

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

January 31, 2021

## 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 \$334,586 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 year ended January 31, 2021, other service fees for the Fund were as follows:

	Other Service Fees Incurred	Other Service Fees Reimbursed
Institutional Shares	\$188,138	\$(188,138)
Service Shares	40,722	(7,880)
TOTAL	\$228,860	\$(196,018)

## 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 year ended January 31, 2021, 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 January 31, 2021, tax years 2018 through 2021 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 \$16,531,884. This is based on amounts held as of each month-end throughout the fiscal 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.

The average market value of purchased put/call options held by the Fund throughout the period was \$23,118. This is based on amounts held as of each month-end throughout the fiscal period.

At January 31, 2021, the Fund had no outstanding purchased option contracts.

## Additional Disclosure Related to Derivative Instruments

### Fair Value of 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	\$171,216*

\* Includes cumulative net appreciation 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 Year Ended January 31, 2021

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

	Futures Contracts	Purchased Options Contracts <sup>1</sup>	Total
Interest rate contracts	\$(770,241)	\$34,055	\$(736,186)

1 The net realized gain (loss) on Purchased Options 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	\$473,106

### 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 Trust applies investment company accounting and reporting guidance.

### 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Year Ended 1/31/2021		Year Ended 1/31/2020	
	Shares	Amount	Shares	Amount
<b>Institutional Shares:</b>				
Shares sold	7,079,571	\$ 74,036,350	2,514,412	\$ 25,418,200
Shares issued to shareholders in payment of distributions declared	242,352	2,543,812	466,203	4,728,119
Shares redeemed	(8,298,630)	(86,780,260)	(6,537,311)	(66,343,302)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	(976,707)	\$(10,200,098)	(3,556,696)	\$(36,196,983)
	Year Ended 1/31/2021		Year Ended 1/31/2020	
<b>Service Shares:</b>	Shares	Amount	Shares	Amount
Shares sold	473,348	\$ 4,957,910	234,500	\$ 2,368,709
Shares issued to shareholders in payment of distributions declared	16,066	168,588	40,183	407,292
Shares redeemed	(603,765)	(6,314,209)	(1,012,444)	(10,280,989)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(114,351)	\$ (1,187,711)	(737,761)	\$ (7,504,988)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(1,091,058)	\$(11,387,809)	(4,294,457)	\$(43,701,971)

### 4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended January 31, 2021 and 2020, was as follows:

	2021	2020
Ordinary income	\$3,309,742	\$6,098,431

As of January 31, 2021, the components of distributable earnings on a tax-basis were as follows:

Distributions payable	\$ (2,113)
Net unrealized appreciation	\$ 5,185,452
Capital loss carryforwards	\$(6,982,650)

The difference between book-basis and tax-basis net unrealized appreciation is attributable to differing treatments for dollar-roll transactions and mark-to-market of futures contracts.

At January 31, 2021, the cost of investments for federal tax purposes was \$302,167,903. The net unrealized appreciation of investments for federal tax purposes was \$5,185,452. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$5,218,959 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$33,507. The amounts presented are inclusive of derivative contracts.



As of January 31, 2021, the Fund had a capital loss carryforward of \$6,982,650 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
\$6,982,650	\$—	\$6,982,650

The Fund used capital loss carryforwards of \$6,216,445 to offset capital gains realized during the year ended January 31, 2021.

## 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 year ended January 31, 2021, the Adviser voluntarily waived \$128,805 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 year ended January 31, 2021, the Adviser reimbursed \$9,763.

### 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:

Administrative Fee	Average Daily Net Assets of the Investment Complex
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 year ended January 31, 2021, the annualized fee paid to FAS was 0.083% 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 year ended January 31, 2021, 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 year ended January 31, 2021, FSSC received \$24,403 and reimbursed \$196,018 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, 2022; 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 year ended January 31, 2021, were as follows:

Purchases	\$18,594,676
Sales	\$16,288,812

## **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 dated June 24, 2020. 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 January 31, 2021, the Fund had no outstanding loans. During the year ended January 31, 2021, 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 January 31, 2021, there were no outstanding loans. During the year ended January 31, 2021, the program was not utilized.

## **9. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 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.

# Report of Independent Registered Public Accounting Firm

## **TO THE SHAREHOLDERS AND THE BOARD OF TRUSTEES OF FEDERATED HERMES GOVERNMENT INCOME FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Federated Hermes Government Income Fund (the “Fund”), including the portfolio of investments, as of January 31, 2021, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at January 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of January 31, 2021, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more Federated Hermes investment companies since 1979.

Boston, Massachusetts  
March 24, 2021

## 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 August 1, 2020 to January 31, 2021.

### **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 8/1/2020	Ending Account Value 1/31/2021	Expenses Paid During Period
<b>Actual:</b>			
Institutional Shares	\$1,000	\$1,005.60	\$3.18
Service Shares	\$1,000	\$1,004.60	\$4.18
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Institutional Shares	\$1,000	\$1,021.97	\$3.20
Service Shares	\$1,000	\$1,020.96	\$4.22

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Institutional Shares	0.63%
Service Shares	0.83%

## Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2020, the Trust comprised one portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 163 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

### INTERESTED TRUSTEES BACKGROUND

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<b>Name</b>	
<b>Birth Date</b>	
<b>Positions Held with Fund</b>	<b>Principal Occupation(s) for Past Five Years,</b>
<b>Date Service Began</b>	<b>Other Directorships Held and Previous Position(s)</b>
<b>J. Christopher Donahue*</b>	
Birth Date: April 11, 1949	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.;
PRESIDENT AND TRUSTEE	Chairman and Trustee, Federated Investment Management Company;
Indefinite Term	Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania;
Began serving:	Trustee, Federated Shareholder Services Company; Director, Federated Services Company.
August 2000	
	<b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.

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Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
<b>John B. Fisher*</b>	Birth Date: May 16, 1956	TRUSTEE Indefinite Term Began serving: May 2016	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Hermes Fund Family and Director, Federated Investors Trust Company.</p> <p><b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p>

\* Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Hermes, Inc. and due to positions they hold with Federated Hermes, Inc. and its subsidiaries.

## INDEPENDENT TRUSTEES BACKGROUND

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>John T. Collins</b>	Birth Date: January 24, 1947	TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p><b>Other Directorships Held:</b> Chairman of the Board of Directors, Director, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p><b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p>

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>G. Thomas Hough</b>	Birth Date: February 28, 1955 TRUSTEE	Indefinite Term Began serving: August 2015	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
<b>Maureen Lally-Green</b>	Birth Date: July 5, 1949 TRUSTEE	Indefinite Term Began serving: August 2009	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor Emerita of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; Director and Chair, North Catholic High School, Inc.; and Director and Vice Chair, Our Campaign for the Church Alive!, Inc.</p>

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>Thomas M. O'Neill</b>	Birth Date: June 14, 1951	TRUSTEE Indefinite Term Began serving: August 2006	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
<b>Madelyn A. Reilly</b>	Birth Date: February 2, 1956	TRUSTEE Indefinite Term Began serving: November 2020	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Senior Vice President for Legal Affairs, General Counsel and Secretary of the Board of Trustees, Duquesne University.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Director of Risk Management and Associate General Counsel, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries.</p>
<b>P. Jerome Richey</b>	Birth Date: February 23, 1949	TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CONSOL Energy Inc. (now split into two separate publicly traded companies known as CONSOL Energy Inc. and CNX Resources Corp.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CONSOL Energy Inc. and CNX Gas Company; and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p>

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Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>John S. Walsh</b>	Birth Date: November 28, 1957	TRUSTEE Indefinite Term Began serving: June 1999	<b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.
			<b>Other Directorships Held:</b> None.
			<b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).

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## OFFICERS

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Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
<b>Lori A. Hensler</b>	Birth Date: January 6, 1967	TREASURER Officer since: April 2013	<b>Principal Occupations:</b> Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.
			<b>Previous Positions:</b> Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

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Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
<b>Peter J. Germain</b>	Birth Date:	September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p><b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.</p> <p><b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.</p>
<b>Stephen Van Meter</b>	Birth Date: June 5, 1975	CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p><b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.</p> <p><b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.</p>
<b>Robert J. Ostrowski</b>	Birth Date: April 26, 1963	CHIEF INVESTMENT OFFICER Officer since: May 2004	<p><b>Principal Occupations:</b> Robert J. Ostrowski joined Federated Hermes, Inc. in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.</p>

# 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 “Program”) for Federated Hermes Government Income Fund (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”). The Program 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 Fund’s investment adviser as the administrator for the Program for the Fund. Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program for each Federated Hermes Fund they manage (each an “Administrator”). The Administrator in turn has delegated daily responsibility for the administration of the Program to multiple Liquidity Risk Management Committees (the “Committees”). The Committees, which are comprised of representatives of Enterprise Risk Management, Compliance, Investment Management and Trading, must review and assess certain information related to the liquidity of the Federated Hermes Funds, including the Fund.

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 (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from the Program’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report

addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund's access to other available funding sources such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind and committed lines of credit. There were no material changes to the Program 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 Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that the Fund did not utilize 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 Fund's investment adviser, in its role as Administrator, collectively with the other investment advisers to the Federated Hermes Funds, concluded that the Program 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).

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*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.

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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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