

BlackRock Enhanced Government Fund, Inc.  
Form N-Q  
November 22, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

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

Investment Company Act file number: 811-21793

Name of Fund: BlackRock Enhanced Government Fund, Inc. (EGF)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 12/31/2017

Date of reporting period: 09/30/2017

Item 1 Schedule of Investments

## Schedule of Investments September 30, 2017 (Unaudited)

## BlackRock Enhanced Government Fund, Inc. (EGF)

(Percentages shown are based on Net Assets)

|   | Par<br>(000)         | Value        |
|---|----------------------|--------------|
| <b>Asset-Backed Securities</b>  |                      |              |
| Securitized Asset Backed Receivables LLC Trust (a):   |                      |              |
| Series 2005-OP1, Class M2, (1 mo. LIBOR US + 0.68%), 1.91%, 1/25/35                               | \$ 677               | \$ 664,988   |
| Series 2005-OP2, Class M1, (1 mo. LIBOR US + 0.43%), 1.67%, 10/25/35                              | 1,025                | 1,012,517    |
| <b>Total Asset-Backed Securities 1.8%</b>   |                      | 1,677,505    |
| <b>Non-Agency Mortgage-Backed Securities</b>  |                      |              |
| <b>Collateralized Mortgage Obligations 0.8%</b>   |                      |              |
| Bank of America Mortgage Trust,   |                      |              |
| Series 2003-J, Class 2A1, 3.45%, 11/25/33 (b)   | 79                   | 79,005       |
| Bear Stearns ALT-A Trust, Series 2004-13, Class A1, (1 mo. LIBOR US + 0.74%), 1.98%, 11/25/34 (a) | 83                   | 82,538       |
| HomeBanc Mortgage Trust, Series 2005-4, Class A1, (1 mo. LIBOR US + 0.27%), 1.51%, 10/25/35 (a)   | 569                  | 560,048      |
|   |                      | 721,591      |
| <b>Interest Only Collateralized Mortgage Obligations 0.0%</b>                                     |                      |              |
| CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37                    | 188                  | 41,931       |
| <b>Total Non-Agency Mortgage-Backed Securities 0.8%</b>   |                      | 763,522      |
| <b>Preferred Securities</b>   |                      |              |
| <b>Capital Trust 2.2%</b>   |                      |              |
| <b>Electric Utilities 2.2%</b>  |                      |              |
| PPL Capital Funding, Inc., Series A, 4.00%, 3/30/67 (c)   | 2,000                | 1,965,000    |
| <b>Total Preferred Securities 2.2%</b>  |                      | 1,965,000    |
| <b>U.S. Government Sponsored Agency Securities</b>  |                      |              |
| <b>Agency Obligations 4.1%</b>  |                      |              |
| Federal Farm Credit Bank, 4.55%, 6/08/20  | 3,500                | 3,760,872    |
| <b>Collateralized Mortgage Obligations 4.1%</b>   |                      |              |
| Fannie Mae Mortgage-Backed Securities, Series 2014-28, Class BD, 3.50%, 8/25/43                   | 1,222                | 1,273,657    |
|   | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>U.S. Government Sponsored Agency Securities</b>  |                      |              |
| <b>Collateralized Mortgage Obligations (continued)</b>  |                      |              |
| Freddie Mac Mortgage-Backed Securities, Series 4480, Class ZX, 4.00%, 11/15/44                    | \$ 684               | \$ 720,160   |
| Ginnie Mae Mortgage-Backed Securities, Series 2006-3, Class C, 5.24%, 4/16/39 (a)                 | 1,707                | 1,712,713    |
|   |                      | 3,706,530    |
| <b>Interest Only Collateralized Mortgage Obligations 1.4%</b>                                     |                      |              |
| Fannie Mae Mortgage-Backed Securities:  |                      |              |
| Series 2012-96, Class DI, 4.00%, 2/25/27  | 1,108                | 89,991       |
| Series 2012-M9, Class X1, 4.15%, 12/25/17 (b)   | 483                  | 101          |
| Series 2012-47, Class NI, 4.50%, 4/25/42  | 1,206                | 263,050      |
| Ginnie Mae Mortgage-Backed Securities:  |                      |              |
| Series 2006-30, Class IO, 2.30%, 5/16/46 (b)  | 298                  | 20,029       |
| Series 2009-78, Class SD, (1 mo. LIBOR + 6.20%), 4.96%, 9/20/32 (a)                               | 1,236                | 197,911      |
| Series 2009-116, Class KS, (1 mo. LIBOR + 6.47%), 5.24%, 12/16/39 (a)                             | 365                  | 53,217       |
| Series 2011-52, Class NS, (1 mo. LIBOR + 6.67%), 5.44%, 4/16/41 (a)                               | 3,468                | 625,970      |
|   |                      | 1,250,269    |
| <b>Mortgage-Backed Securities 49.2%</b>   |                      |              |
| Fannie Mae Mortgage-Backed Securities:  |                      |              |
| 2.50%, 4/01/28  | 4,895                | 4,959,286    |
| 3.00%, 6/01/42 - 4/01/43  | 6,045                | 6,097,882    |
| 3.50%, 8/01/26 - 8/01/44  | 10,214               | 10,615,488   |
| 4.00%, 4/01/24 - 2/01/41  | 8,801                | 9,306,117    |
| 4.50%, 4/01/39 - 8/01/40  | 5,990                | 6,487,767    |
| 5.00%, 11/01/33 - 2/01/40   | 3,253                | 3,594,356    |
| 5.50%, 10/01/23 - 9/01/36   | 2,742                | 3,067,072    |
| 6.00%, 2/01/36 - 3/01/38  | 501                  | 569,681      |
| Freddie Mac Mortgage-Backed Securities, 4.50%, 5/01/34  | 152                  | 163,345      |

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|  |   |            |
|--|---|------------|
| Ginnie Mae Mortgage-Backed Securities, 5.00%, 11/15/35         | 5 | 5,406      |
|  |   | 44,866,400 |
| <b>Total U.S. Government Sponsored Agency Securities</b> 58.8% |   | 53,584,071 |

BLACKROCK ENHANCED GOVERNMENT FUND, INC.

SEPTEMBER 30, 2017

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## Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

|   |                      |               |
|---|----------------------|---------------|
| <b>U.S. Treasury Obligations</b>                                      | <b>Par<br/>(000)</b> | <b>Value</b>  |
| U.S. Treasury Bonds, 4.38%, 5/15/41                                   | \$ 5,100             | \$ 6,523,817  |
| U.S. Treasury Notes:  |                      |               |
| 1.38%, 4/30/20 (d)  | 13,500               | 13,432,500    |
| 1.50%, 5/31/20  | 1,300                | 1,297,156     |
| 3.13%, 5/15/21  | 6,500                | 6,816,621     |
| 2.00%, 11/30/22   | 3,500                | 3,506,152     |
| 2.00%, 2/15/25  | 6,000                | 5,917,969     |
| 2.25%, 11/15/25   | 2,800                | 2,799,891     |
| 1.63%, 2/15/26  | 900                  | 855,703       |
| <b>Total U.S. Treasury Obligations 45.2%</b>                          |                      | 41,149,809    |
| <b>Total Long-Term Investments</b>                                    |                      |               |
| <b>(Cost \$96,800,924) 108.8%</b>                                     |                      | 99,139,907    |
| <b>Short-Term Securities</b>  | <b>Shares</b>        | <b>Value</b>  |
| BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.91%, (e)(f) | 2,472                | \$ 2,471,813  |
| <b>Total Short-Term Securities</b>                                    |                      |               |
| <b>(Cost \$2,471,813) 2.7%</b>  |                      | 2,471,813     |
| <b>Options Purchased</b>  |                      |               |
| <b>(Cost \$332,342) 0.2%</b>  |                      | 152,894       |
| <b>Total Investments Before Options Written</b>                       |                      |               |
| <b>(Cost \$99,605,079) 111.7%</b>                                     |                      | 101,764,614   |
| <b>Options Written</b>  |                      |               |
| <b>(Premiums Received \$490,993) (0.5)%</b>                           |                      | (429,883)     |
| <b>Total Investments, Net of Options Written</b>                      |                      |               |
| <b>(Cost \$99,114,086) 111.2%</b>                                     |                      | 101,334,731   |
| <b>Liabilities in Excess of Other Assets (11.2)%</b>                  |                      | (10,211,106)  |
| <b>Net Assets 100.0%</b>  |                      | \$ 91,123,625 |

## Notes to Schedule of Investments

- (a) Floating rate security. Rate shown is the rate in effect as of period end.
- (b) Variable or floating rate security, which interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.
- (c) Variable rate security. Security may be issued at a fixed coupon rate, which converts to a variable rate at a specified date. Rate shown is the rate in effect as of period end.
- (d) All or a portion of the security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (e) During the period ended September 30, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, as follows:

| Affiliate  | Shares Held<br>at December 31,<br>2016 | Net<br>Activity | Shares Held<br>at September 30,<br>2017 | Value at<br>September 30,<br>2017 | Income    | Realized<br>Gain(Loss) | Change<br>in<br>Unrealized<br>Appreciation<br>(Depreciation) |
|--|--|-----------------|---|-----------------------------------|-----------|------------------------|--|
| BlackRock Liquidity<br>Funds, T-Fund,<br>Institutional Class | 3,730,899                              | (1,259,086)     | 2,471,813                               | \$ 2,471,813                      | \$ 24,751 |                        |  |

- (f) Annualized 7-day yield as of period end.

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## Portfolio Abbreviations

|            |                   |            |                    |            |                  |
|------------|-------------------|------------|--------------------|------------|------------------|
| <b>AUD</b> | Australian Dollar | <b>GBP</b> | British Pound      | <b>OTC</b> | Over-the-Counter |
| <b>CAD</b> | Canadian Dollar   | <b>JPY</b> | Japanese Yen       | <b>SEK</b> | Swedish Krona    |
| <b>CHF</b> | Swiss Franc       | <b>NOK</b> | Norwegian Krone    | <b>USD</b> | U.S. Dollar      |
| <b>EUR</b> | Euro              | <b>NZD</b> | New Zealand Dollar |            |                  |

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BLACKROCK ENHANCED GOVERNMENT FUND, INC.

SEPTEMBER 30, 2017

## Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

## Reverse Repurchase Agreements

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Face Value    | Face Value Including Accrued Interest | Type of Non-Cash Underlying Collateral | Remaining Contractual Maturity of the Agreements <sup>1</sup> |
|------------------------------------|---------------|------------|----------------------------|---------------|---------------------------------------|--|---|
| Credit Suisse Securities (USA) LLC | 1.22%         | 9/26/17    | Open                       | \$ 11,528,750 | \$ 11,530,463                         | U.S. Treasury Obligations              | Open/Demand   |

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

| Description                                  | Number of Contracts | Expiration Date | Notional Amount ('000) | Value / Unrealized Appreciation (Depreciation) |
|--|---------------------|-----------------|------------------------|--|
| Short Contracts<br>5-Year U.S. Treasury Note | (5)                 | December 2017   | \$ 588                 | \$ 4,256                                       |

## Forward Foreign Currency Exchange Contracts

| Currency Purchased | Currency Sold  | Counterparty                           | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|--|-----------------|--|
| CAD 226,634        | NZD 250,000    | Barclays Bank PLC                      | 10/10/17        | \$ 1,096                               |
| NZD 250,000        | CAD 223,927    | Barclays Bank PLC                      | 10/10/17        | 1,074                                  |
| NZD 315,000        | CAD 275,762    | Barclays Bank PLC                      | 10/10/17        | 6,471                                  |
| NZD 315,000        | CAD 276,891    | Barclays Bank PLC                      | 10/10/17        | 5,567                                  |
| NZD 190,000        | CAD 166,563    | Goldman Sachs International            | 10/10/17        | 3,719                                  |
| NZD 635,000        | CAD 558,015    | Goldman Sachs International            | 10/10/17        | 11,351                                 |
| GBP 175,000        | USD 228,779    | Goldman Sachs International            | 10/18/17        | 5,837                                  |
| JPY 30,988,430     | USD 275,000    | Barclays Bank PLC                      | 10/18/17        | 580                                    |
| USD 230,000        | CHF 218,071    | Barclays Bank PLC                      | 10/18/17        | 4,579                                  |
| USD 362,217        | GBP 270,000    | Morgan Stanley & Co. International PLC | 10/18/17        | 238                                    |
| USD 275,000        | JPY 30,697,672 | Barclays Bank PLC                      | 10/18/17        | 2,006                                  |
| USD 275,000        | JPY 30,712,632 | Barclays Bank PLC                      | 10/18/17        | 1,873                                  |
| USD 825,000        | JPY 92,766,300 | Deutsche Bank AG                       | 10/18/17        | 30                                     |
| USD 230,000        | JPY 24,726,752 | Barclays Bank PLC                      | 10/25/17        | 10,038                                 |
| USD 230,000        | JPY 24,899,848 | Barclays Bank PLC                      | 10/25/17        | 8,498                                  |
| SEK 1,858,232      | GBP 170,000    | Barclays Bank PLC                      | 10/30/17        | 487                                    |
| SEK 1,883,111      | NOK 1,840,000  | Goldman Sachs International            | 10/30/17        | 383                                    |
| EUR 195,000        | GBP 171,410    | Barclays Bank PLC                      | 12/01/17        | 1,103                                  |
| GBP 355,000        | NOK 3,587,034  | JPMorgan Chase Bank N.A.               | 12/01/17        | 25,591                                 |
| EUR 190,000        | GBP 167,772    | Citibank N.A.                          | 12/12/17        | 131                                    |
| EUR 200,000        | JPY 26,580,200 | BNP Paribas S.A.                       | 12/12/17        | 291                                    |
| GBP 175,000        | SEK 1,860,403  | Barclays Bank PLC                      | 12/12/17        | 5,668                                  |
| NZD 640,000        | NOK 3,652,902  | Credit Suisse International            | 12/12/17        | 2,286                                  |
| USD 460,000        | CHF 432,067    | State Street Bank and Trust Co.        | 12/12/17        | 11,742                                 |
|                    |                |  |                 | 110,639                                |
| CAD 214,328        | NZD 240,000    | Barclays Bank PLC                      | 10/10/17        | (1,545)                                |
| CAD 224,497        | NZD 255,000    | Barclays Bank PLC                      | 10/10/17        | (4,228)                                |
| CAD 225,136        | NZD 250,000    | Barclays Bank PLC                      | 10/10/17        | (105)                                  |
| CAD 283,036        | NZD 320,000    | Barclays Bank PLC                      | 10/10/17        | (4,252)                                |
| CAD 447,034        | NZD 505,000    | Credit Suisse International            | 10/10/17        | (6,416)                                |
| CAD 205,765        | NZD 230,000    | Goldman Sachs International            | 10/10/17        | (1,187)                                |





## Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

## Forward Foreign Currency Exchange Contracts (continued)

| Currency Purchased                 | Currency Sold  | Counterparty                           | Settlement Date | Unrealized Appreciation (Depreciation) |
|------------------------------------|----------------|--|-----------------|--|
| NZD 250,000                        | CAD 225,408    | Barclays Bank PLC                      | 10/10/17        | \$ (113)                               |
| CHF 220,598                        | USD 230,000    | Barclays Bank PLC                      | 10/18/17        | (1,968)                                |
| GBP 465,000                        | USD 633,228    | Barclays Bank PLC                      | 10/18/17        | (9,820)                                |
| JPY 30,734,357                     | USD 275,000    | Barclays Bank PLC                      | 10/18/17        | (1,680)                                |
| JPY 30,849,720                     | USD 275,000    | Barclays Bank PLC                      | 10/18/17        | (654)                                  |
| JPY 30,862,645                     | USD 275,000    | Barclays Bank PLC                      | 10/18/17        | (539)                                  |
| JPY 30,870,647                     | USD 275,000    | Barclays Bank PLC                      | 10/18/17        | (468)                                  |
| USD 231,921                        | GBP 175,000    | Barclays Bank PLC                      | 10/18/17        | (2,695)                                |
| JPY 25,022,114                     | USD 230,000    | Barclays Bank PLC                      | 10/25/17        | (7,410)                                |
| JPY 25,176,030                     | USD 230,000    | Barclays Bank PLC                      | 10/25/17        | (6,041)                                |
| NOK 1,830,000                      | SEK 1,876,724  | Barclays Bank PLC                      | 10/30/17        | (854)                                  |
| NOK 1,815,000                      | SEK 1,858,150  | Citibank N.A.                          | 10/30/17        | (455)                                  |
| NOK 1,795,332                      | GBP 175,000    | Barclays Bank PLC                      | 12/01/17        | (9,212)                                |
| NOK 1,487,885                      | GBP 140,000    | Credit Suisse International            | 12/01/17        | (880)                                  |
| AUD 290,000                        | CAD 283,559    | Citibank N.A.                          | 12/12/17        | (68)                                   |
| CAD 566,767                        | AUD 580,000    | Nomura International PLC               | 12/12/17        | (146)                                  |
| EUR 190,000                        | JPY 25,462,310 | Barclays Bank PLC                      | 12/12/17        | (1,606)                                |
| NOK 1,789,932                      | GBP 175,000    | Morgan Stanley & Co. International PLC | 12/12/17        | (9,910)                                |
| NOK 1,740,241                      | NZD 310,000    | Credit Suisse International            | 12/12/17        | (4,771)                                |
| NOK 3,592,497                      | NZD 640,000    | Toronto-Dominion Bank                  | 12/12/17        | (9,882)                                |
| SEK 3,625,610                      | EUR 380,000    | Citibank N.A.                          | 12/12/17        | (3,920)                                |
| SEK 1,882,343                      | GBP 180,000    | Goldman Sachs International            | 12/12/17        | (9,678)                                |
|                                    |                |  |                 | (100,503)                              |
| <b>Net Unrealized Appreciation</b> |                |  |                 | \$ 10,136                              |

## OTC Options Purchased

| Description  | Counterparty                           | Number of Contracts | Expiration Date | Exercise Price | Notional Amount ('000) | Value  |
|--------------|--|---------------------|-----------------|----------------|------------------------|--------|
| <b>Call</b>  |  |                     |                 |                |                        |        |
| NZD Currency | Goldman Sachs International            |                     | 10/06/17        | CAD 0.92       | NZD 5,070              | \$ 132 |
| GBP Currency | HSBC Bank USA N.A.                     |                     | 10/16/17        | USD 1.37       | GBP 1,325              | 1,635  |
| GBP Currency | Morgan Stanley & Co. International PLC |                     | 10/16/17        | NOK 10.90      | GBP 1,375              | 2,589  |
| USD Currency | Deutsche Bank AG                       |                     | 10/16/17        | CHF 1.00       | USD 1,830              | 479    |
| USD Currency | Morgan Stanley & Co. International PLC |                     | 10/16/17        | JPY 112.00     | USD 1,830              | 17,306 |
| EUR Currency | JPMorgan Chase Bank N.A.               |                     | 10/26/17        | AUD 1.51       | EUR 1,550              | 15,135 |
| EUR Currency | JPMorgan Chase Bank N.A.               |                     | 10/26/17        | AUD 1.56       | EUR 1,550              | 1,920  |
| NOK Currency | Barclays Bank PLC                      |                     | 10/26/17        | SEK 1.06       | NOK 7,670              | 298    |
| EUR Currency | HSBC Bank USA N.A.                     |                     | 11/14/17        | JPY 132.00     | EUR 1,555              | 33,265 |
| CAD Currency | Goldman Sachs International            |                     | 11/29/17        | JPY 92.50      | CAD 2,295              | 9,754  |
| EUR Currency | Barclays Bank PLC                      |                     | 11/29/17        | CAD 1.55       | EUR 785                | 1,470  |
| EUR Currency | JPMorgan Chase Bank N.A.               |                     | 11/29/17        | GBP 0.93       | EUR 1,560              | 2,198  |
|              |  |                     |                 |                |                        | 86,181 |
| <b>Put</b>   |  |                     |                 |                |                        |        |
| NZD Currency | Goldman Sachs International            |                     | 10/06/17        | CAD 0.87       | NZD 5,070              |        |
| GBP Currency | Barclays Bank PLC                      |                     | 10/10/17        | CAD 1.56       | GBP 1,390              |        |
| NZD Currency | UBS AG                                 |                     | 10/10/17        | USD 0.70       | NZD 2,545              | 423    |
| GBP Currency | Goldman Sachs International            |                     | 10/16/17        | NOK 10.30      | GBP 1,425              | 701    |
| GBP Currency | Goldman Sachs International            |                     | 10/16/17        | USD 1.25       | GBP 1,405              |        |



## Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

## OTC Options Purchased (continued)

| Description  | Counterparty                           | Number of Contracts | Expiration Date | Exercise Price |        | Notional Amount (000) | Value      |
|--------------|--|---------------------|-----------------|----------------|--------|-----------------------|------------|
| <b>Put</b>   |  |                     |                 |                |        |                       |            |
| GBP Currency | Morgan Stanley & Co. International PLC |                     | 10/16/17        | NOK            | 10.20  | GBP 1,425             | \$ 254     |
| USD Currency | Morgan Stanley & Co. International PLC |                     | 10/16/17        | JPY            | 110.50 | USD 1,830             | 4,449      |
| EUR Currency | Barclays Bank PLC                      |                     | 10/23/17        | SEK            | 9.60   | EUR 1,555             | 9,586      |
| USD Currency | Barclays Bank PLC                      |                     | 10/23/17        | JPY            | 107.00 | USD 1,830             | 1,213      |
| GBP Currency | Goldman Sachs International            |                     | 10/26/17        | SEK            | 10.10  | GBP 1,415             | 28         |
| NZD Currency | Goldman Sachs International            |                     | 10/27/17        | CAD            | 0.91   | NZD 3,690             | 41,589     |
| EUR Currency | Morgan Stanley & Co. International PLC |                     | 11/14/17        | NOK            | 9.15   | EUR 1,540             | 2,712      |
| GBP Currency | Morgan Stanley & Co. International PLC |                     | 11/29/17        | NOK            | 9.80   | GBP 1,435             | 650        |
| NZD Currency | Citibank N.A.                          |                     | 11/29/17        | USD            | 0.69   | NZD 2,540             | 5,108      |
|              |  |                     |                 |                |        |                       | 66,713     |
| <b>Total</b> |  |                     |                 |                |        |                       | \$ 152,894 |

## OTC Interest Rate Swaptions Written

| Description                         | Counterparty  | Expiration Date | Exercise Rate | Received by the Fund |           | Paid by the Fund |           | Notional Amount (000) | Value        |
|-------------------------------------|---------------|-----------------|---------------|----------------------|-----------|------------------|-----------|-----------------------|--------------|
|                                     |               |                 |               | Rate                 | Frequency | Rate             | Frequency |                       |              |
| <b>Call</b>                         |               |                 |               |                      |           |                  |           |                       |              |
| 2-Year Interest Rate Swap, 9/28/17  | Citibank N.A. | 10/30/17        | 1.75%         | 6-Month LIBOR        | Quarterly | 1.75%            | Quarterly | USD 35,000            | \$ (26,028)  |
| 5-Year Interest Rate Swap, 9/28/17  | Citibank N.A. | 10/30/17        | 2.02%         | 6-Month LIBOR        | Quarterly | 2.02%            | Quarterly | USD 30,000            | (85,549)     |
| 10-Year Interest Rate Swap, 9/28/17 | Citibank N.A. | 10/30/17        | 2.31%         | 6-Month LIBOR        | Quarterly | 2.31%            | Quarterly | USD 15,000            | (102,884)    |
| 30-Year Interest Rate Swap, 9/28/17 | Citibank N.A. | 10/30/17        | 2.57%         | 6-Month LIBOR        | Quarterly | 2.57%            | Quarterly | USD 5,000             | (90,584)     |
| <b>Total</b>                        |               |                 |               |                      |           |                  |           |                       | \$ (305,045) |

## OTC Options Written

| Description  | Counterparty                | Number of Contracts | Expiration Date | Exercise Price |        | Notional Amount (000) | Value       |
|--------------|-----------------------------|---------------------|-----------------|----------------|--------|-----------------------|-------------|
| <b>Call</b>  |                             |                     |                 |                |        |                       |             |
| NZD Currency | Goldman Sachs International |                     | 10/06/17        | CAD            | 0.90   | NZD 1,265             | \$ (7,231)  |
| GBP Currency | Goldman Sachs International |                     | 10/16/17        | USD            | 1.35   | GBP 1,405             | (6,718)     |
| GBP Currency | HSBC Bank USA N.A.          |                     | 10/16/17        | USD            | 1.39   | GBP 1,990             | (467)       |
| USD Currency | Deutsche Bank AG            |                     | 10/16/17        | JPY            | 112.00 | USD 1,830             | (17,736)    |
| EUR Currency | JPMorgan Chase Bank N.A.    |                     | 10/26/17        | AUD            | 1.54   | EUR 3,105             | (11,340)    |
| USD Currency | Citibank N.A.               |                     | 10/26/17        | JPY            | 115.00 | USD 1,830             | (4,253)     |
| EUR Currency | HSBC Bank USA N.A.          |                     | 11/14/17        | JPY            | 135.00 | EUR 2,335             | (20,210)    |
| EUR Currency | JPMorgan Chase Bank N.A.    |                     | 11/29/17        | GBP            | 0.95   | EUR 1,560             | (667)       |
|              |                             |                     |                 |                |        |                       | \$ (68,622) |



## Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

## OTC Options Written (continued)

| Description  | Counterparty                           | Number of Contracts | Expiration Date | Exercise Price | Notional Amount (000) | Value        |
|--------------|--|---------------------|-----------------|----------------|-----------------------|--------------|
| <b>Put</b>   |  |                     |                 |                |                       |              |
| NZD Currency | Goldman Sachs International            |                     | 10/06/17        | CAD 0.90       | NZD 1,265             | (1,325)      |
| GBP Currency | Deutsche Bank AG                       |                     | 10/10/17        | CAD 1.56       | GBP 1,390             |              |
| NZD Currency | UBS AG                                 |                     | 10/10/17        | USD 0.70       | NZD 2,545             | (415)        |
| GBP Currency | Goldman Sachs International            |                     | 10/16/17        | NOK 10.20      | GBP 1,425             | (250)        |
| GBP Currency | Morgan Stanley & Co. International PLC |                     | 10/16/17        | NOK 10.30      | GBP 1,425             | (708)        |
| USD Currency | Deutsche Bank AG                       |                     | 10/16/17        | JPY 110.50     | USD 1,830             | (4,275)      |
| AUD Currency | JPMorgan Chase Bank N.A.               |                     | 10/23/17        | CAD 0.96       | AUD 2,335             | (3,603)      |
| EUR Currency | Barclays Bank PLC                      |                     | 10/23/17        | SEK 9.45       | EUR 3,105             | (4,125)      |
| USD Currency | Barclays Bank PLC                      |                     | 10/23/17        | JPY 105.00     | USD 1,830             | (326)        |
| NZD Currency | Deutsche Bank AG                       |                     | 10/27/17        | CAD 0.91       | NZD 3,690             | (41,189)     |
|              |  |                     |                 |                |                       | (56,216)     |
| <b>Total</b> |  |                     |                 |                |                       | \$ (124,838) |

## Fair Value Hierarchy as of Period End

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

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

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

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

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

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



## Schedule of Investments (concluded)

BlackRock Enhanced Government Fund, Inc. (EGF)

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

|   | Level 1      | Level 2       | Level 3 | Total          |
|---|--------------|---------------|---------|----------------|
| <b>Assets:</b>                              |              |               |         |                |
| Investments:                                |              |               |         |                |
| Long-Term Investments:                      |              |               |         |                |
| Asset-Backed Securities                     |              | \$ 1,677,505  |         | \$ 1,677,505   |
| Preferred Securities                        |              | 1,965,000     |         | 1,965,000      |
| Non-Agency Mortgage-Backed Securities       |              | 763,522       |         | 763,522        |
| U.S. Government Sponsored Agency Securities |              | 53,584,071    |         | 53,584,071     |
| U.S. Treasury Obligations                   |              | 41,149,809    |         | 41,149,809     |
| Short-Term Securities                       | \$ 2,471,813 |               |         | 2,471,813      |
| Options Purchased:                          |              |               |         |                |
| Foreign currency exchange contracts         |              | 152,894       |         | 152,894        |
| <b>Total</b>                                | \$ 2,471,813 | \$ 99,292,801 |         | \$ 101,764,614 |

|   | Level 1  | Level 2      | Level 3 | Total        |
|---|----------|--------------|---------|--------------|
| Derivative Financial Instruments <sup>1</sup> |          |              |         |              |
| <b>Assets:</b>                                |          |              |         |              |
| Foreign currency exchange contracts           |          | \$ 110,639   |         | \$ 110,639   |
| Interest rate contracts                       | \$ 4,256 |              |         | 4,256        |
| <b>Liabilities:</b>                           |          |              |         |              |
| Foreign currency exchange contracts           |          | (225,341)    |         | (225,341)    |
| Interest rate contracts                       |          | (305,045)    |         | (305,045)    |
| <b>Total</b>                                  | \$ 4,256 | \$ (419,747) |         | \$ (415,491) |

<sup>1</sup> Derivative financial instruments are futures contracts, forward foreign currency exchange contracts and options written. Futures contracts and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation) on the instrument and options written are shown at value.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, reverse repurchase agreements of \$11,530,463 are categorized as Level 2 within the disclosure hierarchy.

During the period ended September 30, 2017, there were no transfers between levels.

Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto



Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Enhanced Government Fund, Inc.

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

Date: November 20, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

Date: November 20, 2017

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

Date: November 20, 2017