

BlackRock Enhanced Government Fund, Inc.
Form N-Q
November 21, 2018

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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 12/31/2018

Date of reporting period: 09/30/2018

Item 1 Schedule of Investments

Schedule of Investments (unaudited)

BlackRock Enhanced Government Fund, Inc. (EGF)

September 30, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
Asset-Backed Securities 1.9%		
Securitized Asset Backed Receivables LLC Trust ^(a) :		
Series 2005-OP1, Class M2, (1 mo. LIBOR US + 0.68%), 2.89%, 01/25/35	\$ 505	\$ 497,104
Series 2005-OP2, Class M1, (1 mo. LIBOR US + 0.43%), 2.65%, 10/25/35	1,025	1,012,669
Total Asset-Backed Securities 1.9% (Cost \$1,457,097)		1,509,773
Non-Agency Mortgage-Backed Securities 0.2%		
Collateralized Mortgage Obligations 0.1%		
Bank of America Mortgage Trust, Series 2003-J, Class 2A1, 3.73%, 11/25/33 ^(b)	64	64,695
Bear Stearns ALT-A Trust, Series 2004-13, Class A1, (1 mo. LIBOR US + 0.74%), 2.96%, 11/25/34 ^(a)	33	33,104
		97,799
Interest Only Collateralized Mortgage Obligations 0.1%		
CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 05/25/37	156	34,814
Total Non-Agency Mortgage-Backed Securities 0.2% (Cost \$108,750)		132,613
Preferred Securities 2.5%		
Capital Trust 2.5%		
Electric Utilities 2.5%		
PPL Capital Funding, Inc., Series A, 5.00% ^(c)	2,000	1,974,580
Total Preferred Securities 2.5% (Cost \$1,980,520)		1,974,580
U.S. Government Sponsored Agency Securities 54.2%		
Agency Obligations 4.5%		
Federal Farm Credit Bank, 4.55%, 06/08/20	3,500	3,599,613
Collateralized Mortgage Obligations 2.4%		
Freddie Mac Mortgage-Backed Securities, Series 4480, Class ZX, 4.00%, 11/15/44	712	697,734
<i>Security</i>	<i>Par (000)</i>	<i>Value</i>

Collateralized Mortgage Obligations (continued)

Ginnie Mae Mortgage-Backed Securities,
Series 2006-3, Class C,
5.24%, 04/16/39^(b)

\$ 1,185 \$ 1,185,511

1,883,245

Interest Only Collateralized Mortgage Obligations 1.1%

Fannie Mae Mortgage-Backed Securities:

Series 2012-96, Class DI, 4.00%, 02/25/27

825 59,936

Series 2012-47, Class NI, 4.50%, 04/25/42

986 227,182

Ginnie Mae Mortgage-Backed Securities:

Series 2006-30, Class IO, 2.30%, 05/16/46^(b)

208 12,063

Series 2009-78, Class SD, (1 mo. LIBOR +
6.20%), 4.03%, 09/20/32^(a)

1,046 92,996

Series 2009-116, Class KS, (1 mo. LIBOR +
6.47%), 4.31%, 12/16/39^(a)

293 35,020

Series 2011-52, Class NS, (1 mo. LIBOR +
6.67%), 4.51%, 04/16/41^(a)

2,979 436,409

863,606

Mortgage-Backed Securities 46.2%

Fannie Mae Mortgage-Backed Securities:

2.50%, 04/01/28

3,945 3,835,053

3.00%, 06/01/42 - 04/01/43

5,545 5,352,860

3.50%, 08/01/44

2,860 2,827,483

4.00%, 10/01/24 - 02/01/41

7,510 7,650,270

4.50%, 04/01/39 - 08/01/40

5,136 5,337,209

5.00%, 11/01/33 - 02/01/40

2,631 2,796,737

5.50%, 10/01/23 - 09/01/36

2,227 2,402,131

6.00%, 02/01/36 - 03/01/38

354 385,894

Freddie Mac Mortgage-Backed Securities:

3.50%, 08/01/33 - 01/01/46

5,787 5,780,712

4.50%, 05/01/34

146 150,809

Ginnie Mae Mortgage-Backed Securities,

5.00%, 11/15/35

4 4,466

36,523,624

Total U.S. Government Sponsored Agency Securities 54.2%

(Cost \$43,122,306)

42,870,088

U.S. Treasury Obligations 49.6%

U.S. Treasury Bonds, 3.00%, 08/15/48

5,100 4,908,152

U.S. Treasury Notes:

2.63%, 07/31/20^(d)

14,800 14,751,438

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

September 30, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
U.S. Treasury Notes (continued):		
2.75%, 08/15/21	\$ 6,500	\$ 6,475,879
2.75%, 07/31/23	3,500	3,468,965
2.88%, 07/31/25	9,700	9,617,398
Total U.S. Treasury Obligations 49.6% (Cost \$39,709,795)		39,221,832
Total Long-Term Investments 108.4% (Cost \$86,378,468)		85,708,886
	<i>Shares</i>	
Short-Term Securities 1.3%		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.97% ^{(e)(f)}	1,027,675	1,027,675
		<i>Value</i>
Total Short-Term Securities 1.3% (Cost \$1,027,675)	\$	1,027,675
Options Purchased 0.0% (Cost \$47,153)		17,043
Total Investments Before Options Written 109.7% (Cost \$87,453,296)		86,753,604
Options Written (0.3)% (Premiums Received \$238,238)		(228,625)
Total Investments, Net of Options Written 109.4% (Cost \$87,215,058)		86,524,979
Liabilities in Excess of Other Assets (9.4)%		(7,436,185)
Net Assets 100.0%	\$	79,088,794

(a) Variable 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.

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- (d) All or a portion of the security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (e) Annualized 7-day yield as of period end.
- (f) During the period ended September 30, 2018, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares	Net	Shares	Value at	Income	Net Change	
	Held at		Held at			Realized	Unrealized
BlackRock Liquidity Funds, T-Fund, Institutional Class	12/31/17	Activity	09/30/18	09/30/18	Gain (Loss)	Appreciation (Depreciation)	
	1,981,656	(953,981)	1,027,675	\$ 1,027,675	\$ 15,842	\$	\$

(a) Includes net capital gain distributions, if applicable.

Reverse Repurchase Agreements

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest	Type of Non-Cash Underlying Collateral	Remaining Contractual Maturity of the Agreements (a)
Credit Suisse Securities (USA) LLC	2.00%	09/20/18	Open	\$ 8,500,000	\$ 8,508,995	U.S. Treasury Obligations	Open/Demand

(a) Certain agreements have no stated maturity and can be terminated by either party at any time.

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

September 30, 2018

Derivative Financial Instruments Outstanding as of Period End**Forward Foreign Currency Exchange Contracts**

<i>Currency</i>		<i>Currency</i>		<i>Counterparty</i>	<i>Settlement Date</i>	<i>Unrealized Appreciation (Depreciation)</i>
<i>Purchased</i>		<i>Sold</i>				
CAD	373,881	AUD	400,000	Deutsche Bank AG	11/19/18	\$ 514
CAD	390,000	CHF	286,696	Natwest Markets PLC	11/19/18	8,859
CAD	762,033	NZD	890,000	Bank of America N.A.	11/19/18	454
JPY	34,910,850	CHF	300,000	Bank of America N.A.	11/19/18	1,332
JPY	31,293,027	CHF	270,000	JPMorgan Chase Bank N.A.	11/19/18	79
NOK	2,557,373	CHF	300,000	State Street Bank and Trust Co.	11/19/18	7,827
NOK	4,977,905	EUR	520,000	State Street Bank and Trust Co.	11/19/18	6,783
SEK	5,416,183	EUR	520,000	State Street Bank and Trust Co.	11/19/18	5,782
						31,630
USD	119,999	CAD	155,000	Barclays Bank PLC	11/05/18	(93)
AUD	400,000	NOK	2,364,088	JPMorgan Chase Bank N.A.	11/19/18	(1,795)
AUD	810,000	NZD	884,123	Bank of America N.A.	11/19/18	(506)
JPY	66,797,280	USD	600,000	Bank of America N.A.	11/19/18	(10,058)
NOK	2,342,740	AUD	400,000	Citibank N.A.	11/19/18	(833)
						(13,285)
Net Unrealized Appreciation						\$ 18,345

OTC Options Purchased

<i>Description</i>	<i>Counterparty</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call					
AUD Currency	Credit Suisse International	11/15/18	NZD 1.12	AUD 5,025	\$ 3,625
Put					
USD Currency	Bank of America N.A.	10/18/18	CAD 1.28	USD 2,395	6,546
GBP Currency	Natwest Markets PLC	10/25/18	CAD 1.64	GBP 2,815	6,872
					13,418
					\$ 17,043

OTC Interest Rate Swaptions Written

<i>Description</i>	<i>Paid by the Fund</i>		<i>Received by the Fund</i>		<i>Counterparty</i>	<i>Expiration Date</i>	<i>Exercise Rate</i>		<i>Notional Amount (000)</i>	<i>Value</i>
	<i>Rate</i>	<i>Frequency</i>	<i>Rate</i>	<i>Frequency</i>						
Call										
10-Year Interest Rate Swap, 11/01/28	3.13%	Semi-annual	3-Month LIBOR, 2.40	Quarterly	Morgan Stanley & Co. International PLC	10/30/18	3.13%	USD	10,000	\$ (52,913)
2-Year Interest Rate Swap, 11/01/20	3.04	Semi-annual	3-Month LIBOR, 2.40	Quarterly	Morgan Stanley & Co. International PLC	10/30/18	3.04	USD	35,000	(34,576)
30-Year Interest Rate Swap, 11/01/48	3.14	Semi-annual	3-Month LIBOR, 2.40	Quarterly	Morgan Stanley & Co. International PLC	10/30/18	3.14	USD	5,000	(60,765)
5-Year Interest Rate Swap, 11/01/23	3.10	Semi-annual	3-Month LIBOR, 2.40	Quarterly	Morgan Stanley & Co. International PLC	10/30/18	3.10	USD	25,000	(76,307)
										\$ (224,561)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

September 30, 2018

OTC Options Written

<i>Description</i>	<i>Counterparty</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
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