

SECURITIES AND EXCHANGE COMMISSION

FORM N-CSRS

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FILER

MERRILL LYNCH U S GOVERNMENT MORTGAGE TRUST

CIK: **750406** | IRS No.: **000000000** | State of Incorporation: **NJ** | Fiscal Year End: **0831**
Type: **N-CSRS** | Act: **40** | File No.: **811-04077** | Film No.: **05788438**

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES

Investment Company Act file number 811-04077

Name of Fund: Merrill Lynch U.S. Government Mortgage Fund

Fund Address: P.O. Box 9011
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief
Executive Officer, Merrill Lynch U.S. Government Mortgage
Fund, 800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing
address: P.O. Box 9011, Princeton, NJ, 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 08/31/05

Date of reporting period: 09/01/04 - 02/28/05

Item 1 - Report to Stockholders

Merrill Lynch
U.S. Government
Mortgage Fund

Semi-Annual Report
February 28, 2005

(BULL LOGO) Merrill Lynch Investment Managers
www.mlim.ml.com

Mercury Advisors
A Division of Merrill Lynch Investment Managers
www.mercury.ml.com

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund unless accompanied or preceded by the Fund's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-MER-FUND (1-800-637-3863); (2) at www.mutualfunds.ml.com; and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at www.mutualfunds.ml.com and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

Merrill Lynch U.S. Government Mortgage Fund
Box 9011
Princeton, NJ
08543-9011

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A Letter From the President

Dear Shareholder

Financial markets broadly posted positive returns over the most recent reporting period, with international equities providing some of the most impressive results.

<TABLE>

<CAPTION>

Total Returns as of February 28, 2005	6-month	12-month
<S>	<C>	<C>
U.S. equities (Standard & Poor's 500 Index)	+ 9.99%	+ 6.98%
International equities (MSCI Europe Australasia Far East Index)	+21.18	+18.68
Fixed income (Lehman Brothers Aggregate Bond Index)	+ 1.26	+ 2.43
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	+ 2.40	+ 2.96
High yield bonds (Credit Suisse First Boston High Yield Index)	+ 7.53	+11.21

</TABLE>

The U.S. economy has continued to show resilience in the face of the Federal Reserve Board's (the Fed) continued interest rate hikes and, more recently, higher oil prices. The Fed's measured tightening program recently brought the federal funds rate to 2.75% en route to a more "neutral" short-term interest rate target (relative to inflation). Since the U.S. presidential election, progress has been monitored on many fronts in Washington, although concerns remain about the structural problems of debt and deficits, as reflected by a significant decline in the U.S. dollar.

U.S. equities ended 2004 in a strong rally, but remained in a fairly narrow trading range for the first two months of 2005. Divergences were notable among sectors, with energy emerging as a clear leader. On the positive side, corporations have accelerated their hiring plans, capital spending remains reasonably robust and merger-and-acquisition activity has increased. Offsetting the positives are slowing corporate earnings growth, renewed energy price concerns and the potential for an economic slowdown. International equities, particularly in Asia, have benefited from higher economic growth rates (China recorded growth of 9.3% in 2004), stronger currencies and relatively reasonable valuations.

The major action in the bond market has been a flattening of the yield curve. As short-term interest rates continued to rise, yields on the long end of the curve remained relatively stable - even declining at certain points since the Fed's monetary tightening program began in June 2004. This phenomenon has been largely attributed to continued foreign interest in U.S. bonds, which has served to absorb much of the excess supply. By period-end, many believed long-term yields were long overdue for a rise.

Looking ahead, the environment is likely to be a challenging one for investors, with diversification and selectivity becoming increasingly important themes. With this in mind, we encourage you to meet with your financial advisor to review your goals and asset allocation and to rebalance your portfolio, as necessary, to ensure it remains aligned with your objectives and risk tolerance. As always, we thank you for trusting Merrill Lynch Investment Managers with your investment assets, and we look forward to serving you in the months and years ahead.

Sincerely,

(Robert C. Doll, Jr.)
Robert C. Doll, Jr.
President and Trustee

We are pleased to present to you the management team of

Merrill Lynch U.S. Government Mortgage Fund

Laura Powers, Frank Viola and Thomas Musmanno are portfolio managers of Merrill Lynch U.S. Government Mortgage Fund. Ms. Powers, who joined Merrill Lynch Investment Managers (MLIM) in 1988, received a bachelor's degree from Winona State University and is a Certified Public Accountant. Mr. Viola, who joined MLIM in 1997, earned a bachelor's degree from The Pennsylvania State University and is a CFA R charterholder, an associate of the Society of Actuaries and a member of the American Academy of Actuaries. Mr. Musmanno, who joined MLIM in 1993, received a bachelor's degree from Siena College and an MBA from St. John's University. He is a CFA charterholder and a member of the Association for Investment Management and Research and the New York Society of Security Analysts.

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A Discussion With Your Fund's Portfolio Managers

We ended the period with a positioning that favored commercial, rather than residential mortgages, as we believe this offers the portfolio greater protection against short-term interest rate volatility.

How did the Fund perform during the period in light of the existing market conditions?

For the six-month period ended February 28, 2005, Merrill Lynch U.S. Government Mortgage Fund's Class A, Class B, Class C, Class I and Class R Shares had total returns of +.82%, +.56%, +.54%, +1.05% and +.80%, respectively. (Fund results shown do not reflect sales charges and would be lower if sales charges were included. Complete performance information can be found on pages 6 - 8 of this report to shareholders.) For the same period, the Fund's unmanaged benchmark, the Citigroup Mortgage Index, returned +1.51%.

The economy remained relatively strong throughout the past six months. Gross domestic product (GDP) grew at a rate of 4% in the third quarter of 2004 and 3.8% in the fourth quarter. Real GDP increased 4.4% in 2004 (that is, from the 2003 annual level to the 2004 annual level), compared with an increase of 3% in 2003. Job growth averaged 170,000 per month during the period. Stronger retail sales combined with the year-over-year Consumer Price Index increases averaging 3% monthly caused the Federal Reserve Board (the Fed) to tighten the federal funds rate four times since the end of August. This brought the federal funds rate to 2.50% at period-end, and was followed by another 25 basis point hike on March 22. As

short-term interest rates increased, long-term interest rates remained fairly stable, causing a flattening of the yield curve. It appeared that investors believed the Fed was taking a proactive stance against any potential inflation ramifications, supporting higher bond prices and lower yields on the long end and a sell-off on the short end.

One of the principal causes of the Fund's underperformance versus the benchmark was our allocation to higher-coupon, short-duration residential mortgages, which we held in anticipation of higher interest rates at the long end of the curve. These securities actually underperformed as the sell-off occurred at the short end of the curve and financing opportunities available in these products diminished during the period.

What changes were made to the portfolio during the period?

We began selling residential mortgages in favor of commercial mortgages based on our view that short-dated volatility would be increasing in the marketplace, therefore exposing the Fund to the negative convexity associated with residential mortgages (that is, the tendency for these issues to decrease in duration as interest rates decline and increase as they rise). In order to better express our view that the curve would flatten (as measured by the difference between the 10-year and 30-year Treasury), we bought 30-year Treasury bonds and used interest rate swaps to hedge some of the 10-year exposure embedded in the commercial mortgages. In addition to commercial mortgages, we also started buying agency debentures to provide better overall convexity. Agency debentures are the actual debt issued by Fannie Mae or Freddie Mac and normally structured with one principal payment.

How would you characterize the Fund's position at the close of the period?

Our overall view of the market resulted in the previously mentioned portfolio changes. We expect the Fed to continue to act aggressively against inflation, resulting in a flatter yield curve as short-term interest rates increase, and potentially higher short-term interest rate volatility. This could negatively impact residential mortgage performance. We will continue to overweight securities at the longer end of our maturity range while maintaining a below-average exposure to securities at the shorter end of our maturity range, particularly the two-year sector. We will continue to underweight prepayment-sensitive residential mortgage product in favor of more positively convex agency commercial mortgage-backed product and agency debt.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

We also started to increase the Fund's overall level of yield by purchasing structured investments. Over the next six months - 12 months, we believe yield will play an important role in the overall total return of the Fund. Going forward, we expect to focus more on yield-enhancing securities rather than total return or price return opportunities.

Thomas Musmanno
Vice President and Co-Portfolio Manager

Laura Powers
Vice President and Co-Portfolio Manager

Frank Viola
Vice President and Co-Portfolio Manager

March 29, 2005

We are pleased to announce that Thomas Musmanno and Laura Powers have been named Co-Portfolio Managers of the Fund, joining Frank

Viola in the day-to-day management of Merrill Lynch U.S. Government Mortgage Fund. Mr. Musmanno has been a Director with Merrill Lynch Investment Managers (MLIM) since 2004 and was a Vice President from 1996 to 2004. He has been the Derivatives and Structured Products Specialist with MLIM since 2000 and has been a portfolio manager in the fixed income management group since 1996. Ms. Powers has been a Director of MLIM since 1998 and was a Vice President thereof from 1993 to 1997. She has been a member of the fixed income management group since 1990.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Performance Data

About Fund Performance

Investors are able to purchase shares of the Fund through multiple pricing alternatives:

* Class A Shares incur a maximum initial sales charge (front-end load) of 4% and an account maintenance fee of 0.25% per year (but no distribution fee).

* Class B Shares are subject to a maximum contingent deferred sales charge of 4%, declining to 0% after six years. All Class B Shares purchased prior to December 1, 2002 will maintain the four-year schedule. In addition, Class B Shares are subject to a distribution fee of 0.50% per year and an account maintenance fee of 0.25% per year. These shares automatically convert to Class A Shares after approximately ten years. (There is no initial sales charge for automatic share conversions.)

* Class C Shares are subject to a distribution fee of 0.55% per year and an account maintenance fee of 0.25% per year. In addition, Class C Shares are subject to a 1% contingent deferred sales charge if redeemed within one year of purchase.

* Class I Shares incur a maximum initial sales charge (front-end load) of 4% and bear no ongoing distribution or account maintenance fees. Class I Shares are available only to eligible investors, as detailed in the Fund's prospectus.

* Class R Shares do not incur a maximum sales charge (front-end load) or deferred sales charge. These shares are subject to a distribution fee of 0.25% per year and an account maintenance fee of 0.25% per year. Class R Shares are available only to certain retirement plans.

None of the past results shown should be considered a representation of future performance. Current performance may be lower or higher than the performance data quoted. Refer to www.mlim.ml.com to obtain performance data current to the most recent month-end. Performance results do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Figures shown in each of the following tables assume reinvestment of all dividends and capital gain distributions, if any, at net asset value on the payable date. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Dividends paid to each class of shares will vary because of the different levels of account maintenance, distribution and transfer agency fees applicable to each class, which are deducted from the income available to be paid to shareholders.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Performance Data (continued)

<TABLE>

Recent Performance Results
<CAPTION>

As of February 28, 2005 <S>	6-Month Total Return	12-Month Total Return	10-Year/ Since Inception Total Return	Standardized 30-Day Yield
<S>	<C>	<C>	<C>	<C>
ML U.S. Government Mortgage Fund Class A Shares*	+0.82%	+1.72%	+82.08%	2.61%
ML U.S. Government Mortgage Fund Class B Shares*	+0.56	+1.19	+73.08	2.20
ML U.S. Government Mortgage Fund Class C Shares*	+0.54	+1.14	+72.21	2.15
ML U.S. Government Mortgage Fund Class I Shares*	+1.05	+2.07	+86.86	2.85
ML U.S. Government Mortgage Fund Class R Shares*	+0.80	+1.47	+ 5.63	2.47
Citigroup Mortgage Index**	+1.51	+3.33	+97.97/+8.29	--

* Investment results shown do not reflect sales charges; results shown would be lower if a sales charge was included. Cumulative total investment returns are based on changes in net asset values for the periods shown, and assume reinvestment of all dividends and capital gains distributions at net asset value on the payable date. The Fund's 10-year/since inception periods are 10 years for Class A, Class B, Class C and Class I Shares and from 1/03/03 for Class R Shares.

** This unmanaged Index reflects the performance of a capital market weighting of the outstanding agency-issued mortgage-backed securities. Ten-year/since inception total returns are for 10 years and from 1/03/03.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Performance Data (concluded)

Average Annual Total Return

	Return Without Sales Charge	Return With Sales Charge**
Class A Shares*		
One Year Ended 2/28/05	+1.72%	-2.35%
Five Years Ended 2/28/05	+6.29	+5.42
Ten Years Ended 2/28/05	+6.18	+5.74

* Maximum sales charge is 4%.

** Assuming maximum sales charge.

	Return Without CDSC	Return With CDSC**
Class B Shares*		
One Year Ended 2/28/05	+1.19%	-2.76%
Five Years Ended 2/28/05	+5.74	+5.42
Ten Years Ended 2/28/05	+5.64	+5.64

* Maximum contingent deferred sales charge is 4% and is reduced to 0% after six years.

** Assuming payment of applicable contingent deferred sales charge.

	Return Without CDSC	Return With CDSC**
Class C Shares*		
One Year Ended 2/28/05	+1.14%	+0.15%
Five Years Ended 2/28/05	+5.69	+5.69
Ten Years Ended 2/28/05	+5.59	+5.59

* Maximum contingent deferred sales charge is 1% and is reduced to 0% after one year.

** Assuming payment of applicable contingent deferred sales charge.

	Return Without Sales Charge	Return With Sales Charge**
Class I Shares*		

One Year Ended 2/28/05	+2.07%	-2.01%
Five Years Ended 2/28/05	+6.55	+5.68
Ten Years Ended 2/28/05	+6.45	+6.02

* Maximum sales charge is 4%.

** Assuming maximum sales charge.

Class R Shares	Return
One Year Ended 2/28/05	+1.47%
Inception (1/03/03) through 2/28/05	+2.58

Portfolio Information as of February 28, 2005

Asset Mix	Percent of Total Investments
U.S. Government Agency Mortgage-Backed Obligations	59.2%
Non-U.S. Government Agency Asset-Backed & Mortgage-Backed Obligations	13.8
U.S. Government Agency Obligations	9.5
Other*	17.5

* Includes portfolio holdings in short-term investments.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Disclosure of Expenses

Shareholders of this Fund may incur the following charges:

(a) expenses related to transactions, including sales charges, redemption fees and exchange fees; and (b) operating expenses including advisory fees, distribution fees including 12(b)-1 fees, and other Fund expenses. The following example (which is based on a hypothetical investment of \$1,000 invested on September 1, 2004 and held through February 28, 2005) is intended to assist shareholders both in calculating expenses based on an investment in the Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The first table below provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period."

The second 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. In order to assist shareholders in comparing the ongoing expenses of investing in this Fund and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in other funds' shareholder reports.

The expenses shown in the table are intended to highlight shareholders ongoing costs only and do not reflect any transactional expenses, such as sales charges, redemption fees or exchange fees. Therefore, the second table is useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

<TABLE>
<CAPTION>

Beginning	Ending	Expenses Paid During the Period*
-----------	--------	-------------------------------------

	Account Value September 1, 2004 <C>	Account Value February 28, 2005 <C>	September 1, 2004 to February 28, 2005 <C>
<S> Actual			
Class A	\$1,000	\$1,008.20	\$4.98
Class B	\$1,000	\$1,005.60	\$7.56
Class C	\$1,000	\$1,005.40	\$7.81
Class I	\$1,000	\$1,010.50	\$3.74
Class R	\$1,000	\$1,008.00	\$6.22

Hypothetical (5% annual return before expenses)**

Class A	\$1,000	\$1,019.84	\$5.01
Class B	\$1,000	\$1,017.26	\$7.60
Class C	\$1,000	\$1,017.01	\$7.85
Class I	\$1,000	\$1,021.08	\$3.76
Class R	\$1,000	\$1,018.60	\$6.26

* For each class of the Fund, expenses are equal to the annualized expense ratio for the class (1.00% for Class A, 1.52% for Class B, 1.57% for Class C, .75% for Class I and 1.25% for Class R), multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

** Hypothetical 5% annual return before expenses is calculated by pro-rating the number of days in the most recent fiscal half-year divided by 365.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>

Schedule of Investments

<CAPTION>

Issue <S>	<C>	Face Amount <C>	Interest Rate <C>	Original Maturity Date(s) <C>	Value <C>
Non-U.S. Government Agency Asset-Backed & Mortgage-Backed Obligations*--15.9%					
AmeriCredit Automobile Receivables Trust	04-BM-A2	\$ 6,888,415	1.45 %	9/06/2007	\$ 6,845,493
Ameriquest Mortgage Securities, Inc.	04-IA1-M1	11,250,000	3.45 (4)	9/25/2034	11,317,667
Bear Stearns Adjustable Rate Mortgage Trust	04-4-A4	47,823,000	3.51 (4)	6/25/2034	46,672,843
CS First Boston Mortgage Securities Corp.	04-TFLA-A2	5,000,000	2.78 (4)	2/15/2014	5,003,384
Centex Home Equity Loan Trust	04-B-AV1	8,967,030	2.85 (4)	3/25/2034	8,967,018
Countrywide Home Equity Loan Trust	04-K-2A	16,473,822	2.89 (4)	2/15/2034	16,502,149
Finance America Mortgage Loan Trust	04-1-2A1	4,667,855	2.82 (4)	6/25/2034	4,667,852
Indymac Home Equity Loan Asset-Backed Trust	04-B-A2A	14,353,865	2.84 (4)	11/25/2034	14,354,668
JPMorgan Chase Commercial Mortgage Securities Corp.	04-FL1A1-A1	24,840,831	2.76 (4)	4/16/2019	24,865,187
MASTR Asset-Backed Securities Trust	04-HE1-A3	20,000,000	3.01 (4)	9/25/2034	20,064,412
Morgan Stanley Capital I	04-XLF-A2	7,500,000	2.82 (4)	4/15/2016	7,526,623
New Century Home Equity Loan Trust	04-3-A5	18,095,000	3.00 (4)	11/25/2034	18,146,001
Option One Mortgage Loan Trust	04-3-A2	5,367,105	2.80 (4)	11/25/2034	5,367,804
Residential Asset Mortgage Products, Inc.	04-RS9-AII2	8,000,000	2.99 (4)	5/25/2034	8,039,244
Residential Asset Securities Corp.	04-KS8-AI1	16,597,340	2.81 (4)	9/25/2022	16,600,233
Securitized Asset-Backed Receivables LLC Trust	04-OP1-A2	11,299,156	2.90 (4)	2/25/2034	11,298,835
Wachovia Bank Commercial Mortgage Trust	04-WL4A-A2	19,794,000	2.76 (4)	10/15/2015	19,816,848
Washington Mutual Pass-Through Certificates	04-AR12-A3	19,280,310	2.82 (4)	10/25/2044	19,434,290

Wells Fargo Home Equity Trust	04-2-A32	20,000,000	2.99 (4)	2/25/2032	20,062,820
Total Non-U.S. Government Agency Mortgage-Backed Obligations (Cost--\$285,203,324)					285,553,371
U.S. Government & Agency Obligations--10.9%					
Fannie Mae		40,000,000	4.625 (c)	10/15/2014	39,890,160
		18,000,000	6.25	5/15/2029	20,885,292
Freddie Mac		100,000,000	2.75 (c)	10/15/2006	98,657,700
U.S. Treasury Bonds		27,000,000	5.375	2/15/2031	29,687,337
		5,000,000	7.125	2/15/2023	6,408,010
Total U.S. Government & Agency Obligations (Cost--\$196,685,502)					195,528,499

U.S. Government Agency Mortgage-Backed Obligations*--68.0%

Fannie Mae Guaranteed Pass-Through Certificates		24,716,877	4.50	9/01/2034	23,804,034
		18,210,232	5.00	5/01/2018 - 3/01/2020	18,393,010
		19,554,151	5.00	7/01/2034	19,290,797
		27,197,162	5.50	3/01/2032 - 3/15/2035	27,419,578
		3,979,430	6.50	12/01/2008 - 2/01/2014	4,188,611
		1,744,947	6.50	3/01/2033	1,818,325
		9,128,834	7.50	7/01/2016 - 12/01/2032	9,775,554
		28,056	8.00	9/01/2024 - 9/01/2027	30,321
		1,611,806	8.50 (2)	8/01/2012 - 7/15/2023	1,768,443
		432,972	11.00	2/01/2011 - 8/01/2020	475,594
		303,827	13.00	9/01/2013 - 3/01/2015	343,545

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>

Schedule of Investments (continued)

<CAPTION>

Issue		Face Amount	Interest Rate	Original Maturity Date(s)	Value
<S>	<C>	<C>	<C>	<C>	<C>
U.S. Government Agency Mortgage-Backed Obligations (continued)					
Fannie Mae Guaranteed Pass-Through Certificates--Multi-Family++		\$ 5,247,850	4.28% (5)	2/01/2010	\$ 5,189,966
		3,493,712	4.62 (6)	11/01/2014	3,448,197
		33,900,000	4.655 (6)	2/01/2015	33,490,488
		9,856,000	4.68 (6)	2/01/2015	9,751,921
		8,800,000	4.70	3/01/2015	8,715,696
		6,482,150	4.72 (6)	3/01/2014	6,427,830
		29,561,476	4.86 (6)	1/01/2015	29,682,679
		24,200,000	4.86 (6)	2/01/2015	24,154,625
		8,000,000	4.94 (6)	3/01/2015	8,060,000
		8,995,187	5.01 (6)	1/01/2015	9,099,621
		1,226,641	7.18 (3)	2/01/2019	1,350,546
Fannie Mae Guaranteed Pass-Through Certificates--REMICS**	03-W19-1A1	2,468,831	2.01	11/25/2033	2,464,088
	04-T9-A1	24,478,124	2.67 (4)	4/25/2035	24,476,932
	04-29-FW	7,761,487	2.83 (4)	12/25/2017	7,773,945
	04-61-TF	25,710,447	2.93 (4)	10/25/2031	25,824,465
	03-41-YF	21,784,002	2.95 (4)	6/25/2028	21,819,179
	Trust 273	330,949	7.00 (1)	7/01/2026	62,987
	96-W1-AL	1,658,744	7.25	3/25/2026	1,760,643
Fannie Mae Guranteed Pass-Through Certificates--REMICS**--Multi-Family++	98-M1-IO2	47,621,653	0.686 (1) (4)	2/25/2013	1,239,792
	97-M8-A2	1,883,014	7.16 (4)	1/25/2022	1,953,017
Freddie Mac Mortgage Participation Certificates		332	10.00	7/01/2019	370
		1,442,603	10.50	1/01/2010 - 9/01/2020	1,615,557
		267,669	11.00	8/01/2010 - 9/01/2020	294,566
		220,785	11.50	12/01/2011 - 6/01/2020	243,579
		170,125	12.00	6/01/2013 - 6/01/2020	189,817
		344,161	12.50	12/01/2015 - 7/01/2019	381,031
		529,609	13.00	9/01/2010 - 2/01/2016	593,262
Freddie Mac Mortgage Participation Certificates--Gold Program		88,653,577	5.00	1/01/2019 - 11/01/2019	89,411,785
		116,188,953	5.00	12/01/2034 - 2/01/2035	114,776,315
		13,147,510	5.50	3/01/2016 - 8/01/2019	13,491,508

		199,147,229	5.50	1/01/2035 - 3/15/2035	201,021,609
		8,053,348	6.00	3/01/2016 - 6/01/2017	8,372,127
		60,283,420	6.00	1/01/2032 - 9/01/2034	61,934,055
		3,297,208	6.50	8/01/2029	3,439,372
		2,254,456	7.00	4/01/2032	2,376,138
		1,468,055	7.50	5/01/2009 - 10/01/2011	1,550,441
		23,925,224	7.50	8/01/2017 - 12/01/2032	25,610,508
		1,640,300	8.00	1/01/2008 - 7/01/2012	1,736,460
		2,779,911	8.00	10/01/2027 - 8/01/2032	2,993,897
		407,629	8.50	1/01/2025 - 7/01/2025	449,992
		193,994	10.50	10/01/2020 - 12/01/2020	221,639
Freddie Mac Mortgage Participation	Trust H013	3,636,839	1.597	5/15/2010	3,597,862
Certificates--REMICS**	Trust H016	2,566,620	1.758	1/15/2011	2,550,868
	SF4-B	9,392,289	2.37	12/15/2009	9,247,279
	Trust 2643-OF	30,192,233	2.94 (4)	7/15/2028	30,275,841
	Trust 1220-A	561,699	10.00	2/15/2022	561,864
	Trust 1220-B	4,567	874.075 (1) (4)	2/15/2022	55,713
Ginnie Mae MBS Certificates		49,621,195	5.00	12/15/2034 - 1/15/2035	49,445,547
		486,096	5.50	3/15/2029 - 4/15/2029	495,665
		12,931,460	5.60	1/15/2009	13,249,792
		2,977,628	6.00	5/15/2024 - 11/15/2031	3,078,186
		25,199,237	6.50	10/15/2023 - 3/15/2032	26,469,622
		6,687,364	7.00	4/15/2023 - 4/15/2032	7,085,272
		6,899,359	7.50	2/15/2025 - 12/15/2031	7,413,825
		4,116,261	8.00	1/15/2024 - 8/15/2026	4,465,343
		3,394,870	10.00	2/15/2016 - 12/15/2021	3,821,076
		26,723	10.50	1/15/2016 - 4/15/2021	30,499
		62	11.00	1/15/2016	69
		877	11.50	8/15/2013	982

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Schedule of Investments (continued)
<CAPTION>

Issue		Face Amount	Interest Rate	Original Maturity Date(s)	Value
<S>	<C>	<C>	<C>	<C>	<C>
U.S. Government Agency Mortgage-Backed Obligations (concluded)					
Ginnie Mae MBS Certificates--REMICS**	05-09-IO	\$ 69,000,000	0.778% (1) (4)	1/16/2045	\$ 4,010,625
	04-77-IO	168,604,813	1.065 (1) (4)	9/16/2044	9,747,466
	03-109-B	40,000,000	3.225	9/16/2021	38,745,576
	04-103-A	9,928,287	3.878	12/16/2019	9,784,844
	04-77-AB	39,544,736	4.368	11/16/2030	38,906,026
	05-10-B	9,636,000	4.404	5/16/2024	9,485,038
	04-97-C	8,400,000	4.522 (4)	2/16/2028	8,205,415
	05-09-Z	5,000,000	4.65 (4)	1/16/2045	4,350,000
	05-12-C	20,000,000	4.658	12/16/2030	19,667,180
	05-09-C	8,000,000	4.917 (4)	2/16/2032	7,950,000
	02-81-B	10,000,000	5.042	1/16/2029	10,008,857
	05-10-ZB	2,750,559	5.175 (4)	12/16/2044	2,646,987
	03-109-D	10,000,000	5.252 (4)	1/16/2034	10,087,507
	01-58-C	20,000,000	5.499 (4)	8/16/2027	20,711,923
Total U.S. Government Agency Mortgage-Backed Obligations (Cost--\$1,225,637,596)					1,220,911,206

Short-Term Securities--20.2%

U.S. Government Agency Obligations***	Fannie Mae	20,000,000	2.41	3/14/2005	19,982,594
	Freddie Mac	305,000,000	2.42	3/14/2005	304,734,565

<CAPTION>

	Beneficial Interest	
<S>	<C>	<C>
Merrill Lynch Liquidity Series, LLC Money Market Series (a) (b)	\$ 31,118,750	31,118,750

<CAPTION>

<u><S></u>	Face Amount <u><C></u>	Issue <u><S></u>	<u><C></u>
Repurchase Agreements	\$6,000,000	Morgan Stanley & Co., Inc. purchased on 2/28/2005 to yield 2.60% to 3/01/2005, repurchase price \$6,000,433, collateralized by FNMA, 4.257% due 8/01/2034	6,000,000
Total Short-Term Securities (Cost--\$361,835,910)			361,835,909
Total Investments--(Cost--\$2,069,362,332+++)--115.0%			2,063,828,985
Liabilities in Excess of Other Assets--(15.0%)			(268,599,752)
Net Assets--100.0%			\$ 1,795,229,233

++ Underlying multi-family loans have prepayment protection by means of lockout periods and/or yield maintenance premiums.

+++ The cost and unrealized appreciation (depreciation) of investments as of February 28, 2005, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 2,069,451,402
	=====
Gross unrealized appreciation	\$ 5,453,729
Gross unrealized depreciation	(11,076,146)

Net unrealized depreciation	\$ (5,622,417)
	=====

* Asset-Backed and Mortgage-Backed Obligations are subject to principal paydowns as a result of prepayments or refinancings of the underlying mortgage instruments. As a result, the average life may be substantially less than the original maturity.

** Real Estate Mortgage Investment Conduits (REMIC).

*** U.S. Government Agency Obligations are traded on a discount basis; the interest rate shown reflects the discount rate paid at the time of purchase by the Fund.

- (1) Represents the interest only portion of a mortgage-backed obligation.
 - (2) Federal Housing Administration/Veterans Administration Mortgages packaged by the Federal National Mortgage Association.
 - (3) Represents a balloon mortgage that amortizes on a 22-year schedule and has a 22-year original maturity.
 - (4) Floating rate note.
 - (5) Represents a balloon mortgage that amortizes on a 30-year schedule and has a 7-year original maturity.
 - (6) Represents a balloon mortgage that amortizes on a 30-year schedule and has a 10-year original maturity.
- (a) Investments in companies considered to be an affiliate of the Fund (such companies are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

Affiliate	Net Activity	Interest/ Dividend Income
Merrill Lynch Liquidity Series, LLC Money Market Series	\$ 31,118,750	\$ 9,402
Merrill Lynch Premier Institutional Fund	(10,600,000)	\$ 26,752

(b) Security was purchased with the cash proceeds from securities loans.

(c) Security, or a portion of security, is on loan.

</TABLE>

Schedule of Investments (concluded)

Swaps outstanding as of February 28, 2005 were as follows:

	Notional Amount	Unrealized Appreciation
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .125%		
Broker, Lehman Brothers Special Finance Expires March 2005	\$100,000,000	--
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .125%		
Broker, Lehman Brothers Special Finance Expires April 2005	\$ 72,000,000	--
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .125%		
Broker, Lehman Brothers Special Finance Expires April 2005	\$100,000,000	--
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .12%		
Broker, UBS Warburg Expires May 2005	\$ 50,000,000	--
	Notional Amount	Unrealized Appreciation
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .105%		
Broker, UBS Warburg Expires August 2005	\$ 80,000,000	--
Receive (pay) a variable return equal to the change in the Lehman Brothers Mortgage-Backed Securities Fixed Rate Index Total Return and pay a floating rate based on 1-month USD LIBOR, minus .10%		
Broker, Lehman Brothers Special Finance Expires September 2005	\$100,000,000	--

Receive a variable return equal
to 3-month USD LIBOR and
pay a fixed rate of 3.4775%

Broker, Lehman Brothers
Special Finance
Expires September 2008 \$ 40,000,000 \$ 998,286

Receive a variable return equal
to 3-month USD LIBOR and
pay a fixed rate of 4.3575%

Broker, Lehman Brothers
Special Finance
Expires February 2015 \$ 12,000,000 403,604

Total \$ 1,401,890
=====

See Notes to Financial Statements.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Statement of Assets and Liabilities
<CAPTION>

As of February 28, 2005

<S>	<S>	<C>	<C>
Assets			
Investments in unaffiliated securities, at value (including securities loaned of \$29,932,150) (identified cost--\$2,038,243,582)			\$ 2,032,710,235
Investments in affiliated securities, at value (identified cost--\$31,118,750)			31,118,750
Unrealized appreciation on swaps			1,401,890
Cash			2,823,351
Receivables:			
Interest		\$ 6,711,755	
Beneficial interest sold		1,981,785	
Principal paydowns		1,127,012	
Securities lending		7,173	9,827,725

Prepaid expenses			80,551

Total assets			2,077,962,502

Liabilities			
Collateral on securities loaned, at value			31,118,750
Payables:			
Securities purchased		239,454,575	
Beneficial interest redeemed		5,748,585	
Swaps		3,065,940	
Dividends to shareholders		1,043,314	
Other affiliates		999,903	
Distributor		546,839	
Investment adviser		510,687	
Variation margin		1,652	251,371,495

Accrued expenses			243,024

Total liabilities			282,733,269

Net Assets			
Net assets			\$ 1,795,229,233
			=====
Net Assets Consist of			
Class A Shares of beneficial interest, \$.10 par value, unlimited number of shares authorized			\$ 7,466,114
Class B Shares of beneficial interest, \$.10 par value, unlimited number of			

shares authorized		3,719,688
Class C Shares of beneficial interest, \$.10 par value, unlimited number of shares authorized		2,650,521
Class I Shares of beneficial interest, \$.10 par value, unlimited number of shares authorized		3,597,994
Class R Shares of beneficial interest, \$.10 par value, unlimited number of shares authorized		140,870
Paid-in capital in excess of par		1,775,824,531
Accumulated distributions in excess of investment income--net	\$ (1,176,021)	
Undistributed realized capital gains--net	7,136,993	
Unrealized depreciation--net	(4,131,457)	

Total accumulated earnings--net		1,829,515

Net Assets		\$ 1,795,229,233
		=====

Net Asset Value

Class A--Based on net assets of \$762,586,483 and 74,661,135 shares of beneficial interest outstanding		\$ 10.21
		=====
Class B--Based on net assets of \$379,951,607 and 37,196,875 shares of beneficial interest outstanding		\$ 10.21
		=====
Class C--Based on net assets of \$270,704,892 and 26,505,212 shares of beneficial interest outstanding		\$ 10.21
		=====
Class I--Based on net assets of \$367,617,499 and 35,979,939 shares of beneficial interest outstanding		\$ 10.22
		=====
Class R--Based on net assets of \$14,368,752 and 1,408,704 shares of beneficial interest outstanding		\$ 10.20
		=====

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Statement of Operations
<CAPTION>

For the Six Months Ended February 28, 2005

<S>	<S>	<C>	<C>
Investment Income			
Interest		\$	33,880,236
Securities lending--net			36,154

Total income			33,916,390

Expenses

Investment advisory fees	\$	4,253,952
Account maintenance and distribution fees--Class B		1,536,439
Account maintenance and distribution fees--Class C		1,145,603
Account maintenance fees--Class A		963,997
Transfer agent fees--Class A		828,411
Transfer agent fees--Class B		481,643
Transfer agent fees--Class I		374,206
Transfer agent fees--Class C		343,602
Accounting services		257,021
Custodian fees		105,684
Printing and shareholder reports		54,140
Professional fees		49,134
Pricing fees		48,542
Registration fees		42,278
Trustees' fees and expenses		27,567
Account maintenance and distribution fees--Class R		27,467
Transfer agent fees--Class R		11,749
Other		36,416

Total expenses		10,587,851

Investment income--net		23,328,539
Realized & Unrealized Gain (Loss)--Net		
Realized gain on:		
Investments--net	26,920,836	
Futures contracts and swaps--net	65,509	
Options--net	123,994	
Short sales--net	8,281	27,118,620
Change in unrealized appreciation (depreciation) on:		
Investments--net	(37,047,617)	
Futures contracts and swaps--net	1,987,351	(35,060,266)
Total realized and unrealized loss--net		(7,941,646)
Net Increase in Net Assets Resulting from Operations		\$ 15,386,893

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Statements of Changes in Net Assets
<CAPTION>

	For the Six Months Ended February 28, 2005	For the Year Ended August 31, 2004
	<C>	<C>
Increase (Decrease) in Net Assets:		
<S> <S>		
Operations		
Investment income--net	\$ 23,328,539	\$ 50,565,902
Realized gain--net	27,118,620	10,222,989
Change in unrealized appreciation (depreciation)--net	(35,060,266)	27,462,524
Net increase in net assets resulting from operations	15,386,893	88,251,415
Dividends to Shareholders		
Investment income--net:		
Class A	(13,950,294)	(23,500,858)
Class B	(6,306,318)	(11,684,031)
Class C	(4,336,575)	(7,884,557)
Class I	(6,736,564)	(10,070,313)
Class R	(195,070)	(83,884)
Net decrease in net assets resulting from dividends to shareholders	(31,524,821)	(53,223,643)
Beneficial Interest Transactions		
Net decrease in net assets derived from beneficial interest transactions	(85,120,105)	(328,542,585)
Net Assets		
Total decrease in net assets	(101,258,033)	(293,514,813)
Beginning of period	1,896,487,266	2,190,002,079
End of period*	\$ 1,795,229,233	\$ 1,896,487,266
* Accumulated distributions in excess of investment income/undistributed investment income--net	\$ (1,176,021)	\$ 7,020,261

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
 Financial Highlights
 <CAPTION>

	Class A				
	For the Six		For the Year Ended		
	Months Ended		August 31,		
	February 28,		2003	2002	2001
	2005	2004			
<S>	<C>	<C>	<C>	<C>	<C>
The following per share data and ratios have been derived from information provided in the financial statements.					
Per Share Operating Performance					
Net asset value, beginning of period	\$ 10.31	\$ 10.13	\$ 10.25	\$ 9.95	\$ 9.44
Investment income--net	.14++	.27++	.32	.43	.55
Realized and unrealized gain (loss)--net	(.05)	.19	(.12)	.30	.51
Total from investment operations	.09	.46	.20	.73	1.06
Less dividends from investment income--net	(.19)	(.28)	(.32)	(.43)	(.55)
Net asset value, end of period	\$ 10.21	\$ 10.31	\$ 10.13	\$ 10.25	\$ 9.95
Total Investment Return**					
Based on net asset value per share	.82%+++	4.63%	1.93%	7.54%	11.49%
Ratios to Average Net Assets					
Expenses	1.00%*	.98%	.95%	.97%	1.00%
Investment income--net	2.72%*	2.65%	3.09%	4.30%	5.59%
Supplemental Data					
Net assets, end of period (in thousands)	\$ 762,586	\$ 798,279	\$ 855,543	\$ 819,410	\$ 729,136
Portfolio turnover	241.44%	508.54%	428.59%	426.77%	199.30%
* Annualized.					
** Total investment returns exclude the effects of sales charges.					
++ Based on average shares outstanding.					
+++ Aggregate total investment return.					
See Notes to Financial Statements.					

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
 Financial Highlights (continued)
 <CAPTION>

	Class B				
	For the Six		For the Year Ended		
	Months Ended		August 31,		
	February 28,		2003	2002	2001
	2005	2004			
<S>	<C>	<C>	<C>	<C>	<C>
The following per share data and ratios have been derived from information provided in the financial statements.					
Per Share Operating Performance					
Net asset value, beginning of period	\$ 10.31	\$ 10.13	\$ 10.26	\$ 9.95	\$ 9.44
Investment income--net	.11++	.22++	.26	.38	.50
Realized and unrealized gain (loss)--net	(.05)	.19	(.13)	.31	.51
Total from investment operations	.06	.41	.13	.69	1.01
Less dividends from investment income--net	(.16)	(.23)	(.26)	(.38)	(.50)
Net asset value, end of period	\$ 10.21	\$ 10.31	\$ 10.13	\$ 10.26	\$ 9.95

Total Investment Return**

Based on net asset value per share	.56% ⁺⁺⁺	4.09%	1.40%	6.99%	10.91%
	=====	=====	=====	=====	=====

Ratios to Average Net Assets

Expenses	1.52%*	1.50%	1.47%	1.49%	1.52%
	=====	=====	=====	=====	=====
Investment income--net	2.19%*	2.14%	2.58%	3.76%	5.07%
	=====	=====	=====	=====	=====

Supplemental Data

Net assets, end of period (in thousands)	\$ 379,952	\$ 438,679	\$ 591,435	\$ 613,282	\$ 466,432
	=====	=====	=====	=====	=====
Portfolio turnover	241.44%	508.54%	428.59%	426.77%	199.30%
	=====	=====	=====	=====	=====

* Annualized.

** Total investment returns exclude the effects of sales charges.

++ Based on average shares outstanding.

+++ Aggregate total investment return.

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>

Financial Highlights (continued)

<CAPTION>

The following per share data and ratios have been derived from information provided in the financial statements.	Class C				
	For the Six Months Ended February 28,		For the Year Ended August 31,		
	2005	2004	2003	2002	2001
<S>	<S>	<C>	<C>	<C>	<C>
Per Share Operating Performance					
Net asset value, beginning of period	\$ 10.31	\$ 10.13	\$ 10.25	\$ 9.95	\$ 9.44
	-----	-----	-----	-----	-----
Investment income--net	.11 ⁺⁺	.21 ⁺⁺	.26	.37	.49
Realized and unrealized gain (loss)--net	(.05)	.19	(.12)	.30	.51
	-----	-----	-----	-----	-----
Total from investment operations	.06	.40	.14	.67	1.00
	-----	-----	-----	-----	-----
Less dividends from investment income--net	(.16)	(.22)	(.26)	(.37)	(.49)
	-----	-----	-----	-----	-----
Net asset value, end of period	\$ 10.21	\$ 10.31	\$ 10.13	\$ 10.25	\$ 9.95
	=====	=====	=====	=====	=====

Total Investment Return**

Based on net asset value per share	.54% ⁺⁺⁺	4.03%	1.35%	6.94%	10.86%
	=====	=====	=====	=====	=====

Ratios to Average Net Assets

Expenses	1.57%*	1.55%	1.52%	1.54%	1.57%
	=====	=====	=====	=====	=====
Investment income--net	2.14%*	2.09%	2.52%	3.40%	5.00%
	=====	=====	=====	=====	=====

Supplemental Data

Net assets, end of period (in thousands)	\$ 270,705	\$ 301,532	\$ 414,539	\$ 384,119	\$ 56,706
	=====	=====	=====	=====	=====
Portfolio turnover	241.44%	508.54%	428.59%	426.77%	199.30%
	=====	=====	=====	=====	=====

* Annualized.

** Total investment returns exclude the effects of sales charges.

++ Based on average shares outstanding.

+++ Aggregate total investment return.

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Financial Highlights (continued)
<CAPTION>

	Class I				
	For the Six Months Ended February 28, 2005	2004	For the Year Ended August 31, 2003	2002	2001
	<C>	<C>	<C>	<C>	<C>
The following per share data and ratios have been derived from information provided in the financial statements.					
Per Share Operating Performance					
Net asset value, beginning of period	\$ 10.31	\$ 10.13	\$ 10.26	\$ 9.95	\$ 9.44
Investment income--net	.15++	.29++	.34	.46	.57
Realized and unrealized gain (loss)--net	(.04)	.20	(.13)	.31	.51
Total from investment operations	.11	.49	.21	.77	1.08
Less dividends from investment income--net	(.20)	(.31)	(.34)	(.46)	(.57)
Net asset value, end of period	\$ 10.22	\$ 10.31	\$ 10.13	\$ 10.26	\$ 9.95
Total Investment Return**					
Based on net asset value per share	1.05%+++	4.89%	2.08%	7.91%	11.77%
Ratios to Average Net Assets					
Expenses	.75%*	.73%	.70%	.72%	.75%
Investment income--net	2.97%*	2.89%	3.34%	4.53%	5.84%
Supplemental Data					
Net assets, end of period (in thousands)	\$ 367,617	\$ 349,958	\$ 328,408	\$ 296,305	\$ 234,930
Portfolio turnover	241.44%	508.54%	428.59%	426.77%	199.30%

* Annualized.

** Total investment returns exclude the effects of sales charges.

++ Based on average shares outstanding.

+++ Aggregate total investment return.

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

<TABLE>
Financial Highlights (concluded)
<CAPTION>

	Class R		
	For the Six Months Ended February 28,	For the Year Ended August 31,	For the Period January 3, 2003++ to August 31,
The following per share data and ratios have been derived			

from information provided in the financial statements.

<S> <S>

Per Share Operating Performance

	2005 <C>	2004 <C>	2003 <C>
Net asset value, beginning of period	\$ 10.29	\$ 10.12	\$ 10.31
Investment income--net	.13+++	.23+++	.24
Realized and unrealized gain (loss)--net	(.05)	.20	(.19)
Total from investment operations	.08	.43	.05
Less dividends from investment income--net	(.17)	(.26)	(.24)
Net asset value, end of period	\$ 10.20	\$ 10.29	\$ 10.12

Total Investment Return**

Based on net asset value per share	.80%++++	4.34%	.44%++++
------------------------------------	----------	-------	----------

Ratios to Average Net Assets

Expenses	1.25%*	1.21%	1.23%*
Investment income--net	2.52%*	2.25%	2.81%*

Supplemental Data

Net assets, end of period (in thousands)	\$ 14,369	\$ 8,040	\$ 77
Portfolio turnover	241.44%	508.54%	428.59%

* Annualized.

** Total investment returns exclude the effects of sales charges.

++ Commencement of operations.

+++ Based on average shares outstanding.

++++ Aggregate total investment return.

See Notes to Financial Statements.

</TABLE>

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Notes to Financial Statements

1. Significant Accounting Policies:

Merrill Lynch U.S. Government Mortgage Fund (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund offers multiple classes of shares. Shares of Class A and Class I are sold with a front-end sales charge. Shares of Class B and Class C may be subject to a contingent deferred sales charge. Class R Shares are sold only to certain retirement plans. All classes of shares have identical voting, dividend, liquidation and other rights and the same terms and conditions, except that Class A, Class B, Class C and Class R Shares bear certain expenses related to the account maintenance of such shares, and Class B, Class C and Class R Shares also bear certain expenses related to the distribution of such shares. Each class has exclusive voting rights with respect to matters relating to its account maintenance and distribution expenditures (except that Class B shareholders may vote on certain

changes to the Class A distribution plan). Income, expenses (other than expenses attributable to a specific class) and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Debt securities are traded primarily in the over-the-counter markets and are valued at the last available bid price in the over-the-counter market or on the basis of values obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general direction of the Board of Trustees. Such valuations and procedures will be reviewed periodically by the Board of Trustees of the Fund. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-the-counter ("OTC") market, valuation is the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued by quoted fair valuations received daily by the Fund from the counterparty. Short-term investments with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, under which method the investment is valued at cost and any premium or discount is amortized on a straight line basis to maturity. Repurchase agreements are valued at cost plus accrued interest. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Trustees of the Fund.

Equity securities that are held by the Fund that are traded on stock exchanges or the Nasdaq National Market are valued at the last sale price or official close price on the exchange, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price for long positions, and at the last available ask price for short positions. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by or under the authority of the Board of Trustees of the Fund. Long positions traded in the OTC market, Nasdaq Small Cap or Bulletin Board are valued at the last available bid price obtained from one or more dealers or pricing services approved by the Board of Trustees of the Fund. Short positions traded in the OTC market are valued at the last available ask price. Portfolio securities that are traded both in the OTC market and on a stock exchange are valued according to the broadest and most representative market.

Generally, trading in foreign securities is substantially completed each day at various times prior to the close of business on the New York Stock Exchange ("NYSE"). The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates also are generally determined prior to the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation of the Fund's net asset value. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities may be valued at their fair value as determined in good faith by the Fund's Board of Trustees or by the Investment Adviser using a pricing service and/or procedures approved by the Fund's Board of Trustees.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Notes to Financial Statements (continued)

(b) Repurchase agreements--The Fund may invest in U.S. government securities pursuant to repurchase agreements. Under such agreements,

the counterparty agrees to repurchase the security at a mutually agreed upon time and price. The Fund takes possession of the underlying securities, marks-to-market such securities and, if necessary, receives additional securities daily to ensure that the contract is fully collateralized. If the counterparty defaults and the fair value of the collateral declines, liquidation of the collateral by the Fund may be delayed or limited.

(c) Derivative financial instruments--The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

* Financial futures contracts--The Fund may purchase or sell financial futures contracts and options on such futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

* Options--The Fund may write and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums paid or received).

Written and purchased options are non-income producing investments.

* Swaps--The Fund may enter into swap agreements, which are over-the-counter contracts in which the Fund and a counterparty agree to make periodic net payments on a specified notional amount. The net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate; the change in market value of a specified security, basket of securities, or index; or the return generated by a security. These periodic payments received or made by the Fund are recorded in the accompanying Statement of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily based on dealer-supplied valuations and changes in value are recorded as unrealized appreciation (depreciation). Risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the swap agreements.

(d) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(e) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income and extended delivery fees are recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities.

Notes to Financial Statements (continued)

(f) Prepaid registration fees--Prepaid registration fees are charged to expense as the related shares are issued.

(g) Dividends and distributions--Dividends from net investment income are declared daily and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

(h) Securities lending--The Fund may lend securities to financial institutions that provide cash or securities issued or guaranteed by the U.S. government as collateral, which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. Where the Fund receives securities as collateral for the loaned securities, it collects a fee from the borrower. The Fund typically receives the income on the loaned securities but does not receive the income on the collateral. Where the Fund receives cash collateral, it may invest such collateral and retain the amount earned on such investment, net of any amount rebated to the borrower. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within five business days. The Fund may pay reasonable finder's, lending agent, administrative and custodial fees in connection with its loans. In the event that the borrower defaults on its obligation to return borrowed securities because of insolvency or for any other reason, the Fund could experience delays and costs in gaining access to the collateral. The Fund also could suffer a loss where the value of the collateral falls below the market value of the borrowed securities, in the event of borrower default or in the event of losses on investments made with cash collateral.

(i) Mortgage dollar rolls--The Fund may sell mortgage-backed securities for delivery in the current month and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date.

2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner. The Fund has also entered into a Distribution Agreement and Distribution Plan with FAM Distributors, Inc. ("FAMD" or the "Distributor"), which is a wholly-owned subsidiary of Merrill Lynch Group, Inc.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee based upon the average daily value of the Fund's net assets at the following rate:

Portion of Average Daily Value of Net Assets:	Rate
Not exceeding \$500 million	.500%
In excess of \$500 million but not exceeding \$1 billion	.475%
In excess of \$1 billion but not exceeding \$1.5 billion	.450%
In excess of \$1.5 billion but not exceeding \$2 billion	.425%
In excess of \$2 billion but not exceeding \$2.5 billion	.400%
In excess of \$2.5 billion but not exceeding \$3.5 billion	.375%
In excess of \$3.5 billion but not exceeding \$5 billion	.350%
In excess of \$5 billion but not	

exceeding \$6.5 billion	.325%
Exceeding \$6.5 billion	.300%

Pursuant to the Distribution Plan adopted by the Fund in accordance with Rule 12b-1 under the Investment Company Act of 1940, the Fund pays the Distributor ongoing account maintenance and distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the shares as follows:

	Account Maintenance Fee	Distribution Fee
Class A	.25%	--
Class B	.25%	.50%
Class C	.25%	.55%
Class R	.25%	.25%

Pursuant to a sub-agreement with the Distributor, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), an affiliate of FAM, also provides account maintenance and distribution services to the Fund. The ongoing account maintenance fee compensates the Distributor and MLPF&S for providing account maintenance services to Class A, Class B, Class C and Class R shareholders. The ongoing distribution fee compensates the Distributor and MLPF&S for providing shareholder and distribution-related services to Class B, Class C and Class R shareholders.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Notes to Financial Statements (continued)

For the six months ended February 28, 2005, FAMD earned underwriting discounts and direct commissions and MLPF&S earned dealer concessions on sales of the Fund's Class A and Class I Shares as follows:

	FAMD	MLPF&S
Class A	\$ 1,044	\$ 8,848
Class I	\$ 2	\$ 25

For the six months ended February 28, 2005, MLPF&S received contingent deferred sales charges of \$283,775 and \$3,814 relating to transactions in Class B and Class C Shares, respectively.

The Fund has received an exemptive order from the Securities and Exchange Commission permitting it to lend portfolio securities to MLPF&S or its affiliates. Pursuant to that order, the Fund also has retained Merrill Lynch Investment Managers, LLC ("MLIM, LLC"), an affiliate of FAM, as the securities lending agent for a fee based on a share of the returns on investment of cash collateral. MLIM LLC may, on behalf of the Fund, invest cash collateral received by the Fund for such loans, among other things, in a private investment company managed by MLIM, LLC or in registered money market funds advised by FAM or its affiliates. For the six months ended February 28, 2005, MLIM, LLC received \$13,561 in securities lending agent fees.

For the six months ended February 28, 2005, the Fund reimbursed MLIM \$19,508 for certain accounting services.

Financial Data Services, Inc. ("FDS"), a wholly-owned subsidiary of ML & Co., is the Fund's transfer agent.

Certain officers and/or trustees of the Fund are officers and/or directors of FAM, PSI, FAMD, FDS, and/or ML & Co.

3. Investments:

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the six months ended February 28, 2005 were \$4,468,899,755 and \$4,762,979,032, respectively.

4. Shares of Beneficial Interest:

Net decrease in net assets derived from beneficial interest transactions was \$85,120,105 and \$328,542,585 for the six months ended February 28, 2005 and for the year ended August 31, 2004, respectively.

Transactions in shares of beneficial interest for each class were as follows:

Class A Shares for the Six Months Ended February 28, 2005	Shares	Dollar Amount
Shares sold	6,755,429	\$ 69,538,143
Automatic conversion of shares	779,106	8,029,832
Shares issued to shareholders in reinvestment of dividends	558,863	5,750,439
	-----	-----
Total issued	8,093,398	83,318,414
Shares redeemed	(10,891,351)	(112,136,692)
	-----	-----
Net decrease	(2,797,953)	\$ (28,818,278)
	=====	=====

Class A Shares for the Year Ended August 31, 2004	Shares	Dollar Amount
Shares sold	15,955,583	\$ 163,141,791
Automatic conversion of shares	2,043,991	20,880,726
Shares issued to shareholders in reinvestment of dividends	1,004,421	10,285,233
	-----	-----
Total issued	19,003,995	194,307,750
Shares redeemed	(26,004,015)	(265,728,253)
	-----	-----
Net decrease	(7,000,020)	\$ (71,420,503)
	=====	=====

Class B Shares for the Six Months Ended February 28, 2005	Shares	Dollar Amount
Shares sold	2,052,697	\$ 21,146,734
Shares issued to shareholders in reinvestment of dividends	450,954	4,639,513
	-----	-----
Total issued	2,503,651	25,786,247
Automatic conversion of shares	(779,106)	(8,029,832)
Shares redeemed	(7,091,103)	(73,038,690)
	-----	-----
Total redeemed	(7,870,209)	(81,068,522)
	-----	-----
Net decrease	(5,366,558)	\$ (55,282,275)
	=====	=====

Class B Shares for the Year Ended August 31, 2004	Shares	Dollar Amount
Shares sold	5,582,565	\$ 57,115,360
Shares issued to shareholders in reinvestment of dividends	844,324	8,648,702
	-----	-----
Total issued	6,426,889	65,764,062
Automatic conversion of shares	(20,203,533)	(206,479,766)
Shares redeemed	(2,043,898)	(20,880,726)
	-----	-----
Total redeemed	(22,247,431)	(227,360,492)
	-----	-----

Net decrease	(15,820,542)	\$ (161,596,430)
	=====	=====

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Notes to Financial Statements (concluded)

Class C Shares for the Six Months Ended February 28, 2005	Shares	Dollar Amount
Shares sold	1,894,779	\$ 19,509,225
Shares issued to shareholders in reinvestment of dividends	314,104	3,231,450
	-----	-----
Total issued	2,208,883	22,740,675
Shares redeemed	(4,964,021)	(51,120,032)
	-----	-----
Net decrease	(2,755,138)	\$ (28,379,357)
	=====	=====

Class C Shares for the Year Ended August 31, 2004	Shares	Dollar Amount
Shares sold	3,281,754	\$ 33,583,925
Shares issued to shareholders in reinvestment of dividends	566,068	5,796,384
	-----	-----
Total issued	3,847,822	39,380,309
Shares redeemed	(15,513,398)	(158,579,358)
	-----	-----
Net decrease	(11,665,576)	\$ (119,199,049)
	=====	=====

Class I Shares for the Six Months Ended February 28, 2005	Shares	Dollar Amount
Shares sold	8,159,363	\$ 84,016,232
Shares issued to shareholders in reinvestment of dividends	20,266	208,548
	-----	-----
Total issued	8,179,629	84,224,780
Shares redeemed	(6,145,870)	(63,319,892)
	-----	-----
Net increase	2,033,759	\$ 20,904,888
	=====	=====

Class I Shares for the Year Ended August 31, 2004	Shares	Dollar Amount
Shares sold	11,818,884	\$ 120,972,566
Shares issued to shareholders in reinvestment of dividends	41,314	423,214
	-----	-----
Total issued	11,860,198	121,395,780
Shares redeemed	(10,323,699)	(105,644,634)
	-----	-----
Net increase	1,536,499	\$ 15,751,146
	=====	=====

Class R Shares for the Six Months Ended February 28, 2005	Shares	Dollar Amount
Shares sold	874,794	\$ 8,998,134
Shares issued to shareholders in reinvestment of dividends	17,872	183,639
	-----	-----
Total issued	892,666	9,181,773

Shares redeemed	(265,178)	(2,726,856)
	-----	-----
Net increase	627,488	\$ 6,454,917
	=====	=====

Class R Shares for the Year Ended August 31, 2004	Shares	Dollar Amount
Shares sold	949,466	\$ 9,714,926
Shares issued to shareholders in reinvestment of dividends	7,660	78,178
	-----	-----
Total issued	957,126	9,793,104
Shares redeemed	(183,511)	(1,870,853)
	-----	-----
Net increase	773,615	\$ 7,922,251
	=====	=====

5. Short-Term Borrowings:

The Fund, along with certain other funds managed by FAM and its affiliates, is a party to a \$500,000,000 credit agreement with a group of lenders. The Fund may borrow under the credit agreement to fund shareholder redemptions and for other lawful purposes other than for leverage. The Fund may borrow up to the maximum amount allowable under the Fund's current prospectus and statement of additional information, subject to various other legal, regulatory or contractual limits. The Fund pays a commitment fee of .07% per annum based on the Fund's pro rata share of the unused portion of the credit agreement. Amounts borrowed under the credit agreement bear interest at a rate equal to, at each Fund's election, the federal funds rate plus .50% or a base rate as defined in the credit agreement. The Fund did not borrow under the credit agreement during the six months ended February 28, 2005. On November 26, 2004, the credit agreement was renewed for one year under substantially the same terms.

6. Capital Loss Carryforward:

On August 31, 2004, the Fund had a net capital loss carryforward of \$8,462,695, of which \$4,697,041 expires in 2008 and \$3,765,654 expires in 2009. This amount will be available to offset like amounts of any future taxable gains.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Officers and Trustees

Robert C. Doll, Jr., President and Trustee
James H. Bodurtha, Trustee
Joe Grills, Trustee
Herbert I. London, Trustee
Roberta Cooper Ramo, Trustee
Robert S. Salomon, Jr., Trustee
Stephen B. Swensrud, Trustee
Thomas Musmanno, Vice President
Laura Powers, Vice President
Frank Viola, Vice President
Donald C. Burke, Vice President and Treasurer
Jeffrey Hiller, Chief Compliance Officer
Alice A. Pellegrino, Secretary

Custodian

The Bank of New York
100 Church Street
New York, NY 10286

Transfer Agent

Financial Data Services, Inc.
4800 Deer Lake Drive East

Andre F. Perold resigned as a Trustee of Merrill Lynch U.S. Government Mortgage Fund effective October 22, 2004.

Effective January 1, 2005, Terry K. Glenn retired as President and Trustee of the Fund. The Fund's Board of Trustees wishes Mr. Glenn well in his retirement.

Effective January 1, 2005, Robert C. Doll, Jr. became President and Trustee of the Fund.

Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Electronic Delivery

The Fund offers electronic delivery of communications to its shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at <http://www.icsdelivery.com/live> and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

MERRILL LYNCH U.S. GOVERNMENT MORTGAGE FUND, FEBRUARY 28, 2005

Item 2 - Code of Ethics - Not Applicable to this semi-annual report

Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report

Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report

Item 5 - Audit Committee of Listed Registrants - Not Applicable

Item 6 - Schedule of Investments - Not Applicable

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable

Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable

Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable

Item 10 - Submission of Matters to a Vote of Security Holders - Not Applicable

Item 11 - Controls and Procedures

11(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective

based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.

11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal half-year of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 - Exhibits attached hereto

12(a)(1) - Code of Ethics - Not Applicable to this semi-annual report

12(a)(2) - Certifications - Attached hereto

12(a)(3) - Not Applicable

12(b) - 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.

Merrill Lynch U.S. Government Mortgage Fund

By: /s/ Robert C. Doll, Jr.
Robert C. Doll, Jr.,
Chief Executive Officer of
Merrill Lynch U.S. Government Mortgage Fund

Date: April 22, 2005

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/ Robert C. Doll, Jr.
Robert C. Doll, Jr.,
Chief Executive Officer of
Merrill Lynch U.S. Government Mortgage Fund

Date: April 22, 2005

By: /s/ Donald C. Burke
Donald C. Burke,
Chief Financial Officer of
Merrill Lynch U.S. Government Mortgage Fund

Date: April 22, 2005

EX-99. CERT

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert C. Doll, Jr., Chief Executive Officer of Merrill Lynch U.S. Government Mortgage Fund, certify that:

1. I have reviewed this report on Form N-CSR of Merrill Lynch U.S. Government Mortgage Fund;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions

about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2005

/s/ Robert C. Doll, Jr.
Robert C. Doll, Jr.,
Chief Executive Officer of
Merrill Lynch U.S. Government Mortgage Fund

EX-99. CERT

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Donald C. Burke, Chief Financial Officer of Merrill Lynch U.S. Government Mortgage Fund, certify that:

1. I have reviewed this report on Form N-CSR of Merrill Lynch U.S. Government Mortgage Fund;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact

necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting

which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2005

/s/ Donald C. Burke
Donald C. Burke,
Chief Financial Officer of
Merrill Lynch U.S. Government Mortgage Fund

Exhibit 99.1350CERT

Certification Pursuant to Section 906 of the Sarbanes Oxley Act

I, Robert C. Doll, Jr., Chief Executive Officer of Merrill Lynch U.S. Government Mortgage Fund (the "Fund"), certify that:

1. The N-CSR of the Fund (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

Dated: April 22, 2005

/s/ Robert C. Doll, Jr.
Robert C. Doll, Jr.,
Chief Executive Officer of
Merrill Lynch U.S. Government Mortgage Fund

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Merrill Lynch U.S. Government Mortgage

Fund and will be retained by Merrill Lynch U.S. Government Mortgage Fund and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.1350CERT

Certification Pursuant to Section 906 of the Sarbanes Oxley Act

I, Donald C. Burke, Chief Financial Officer of Merrill Lynch U.S. Government Mortgage Fund (the "Fund"), certify that:

1. The N-CSR of the Fund (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

Dated: April 22, 2005

/s/ Donald C. Burke
Donald C. Burke,
Chief Financial Officer of
Merrill Lynch U.S. Government Mortgage Fund

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Merrill Lynch U.S. Government Mortgage Fund and will be retained by Merrill Lynch U.S. Government Mortgage Fund and furnished to the Securities and Exchange Commission or its staff upon request.