

Eaton Vance Tax-Managed Diversified Equity Income Fund
Form N-CSR
December 23, 2014

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

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act File Number: 811-21832

Eaton Vance Tax-Managed Diversified Equity Income Fund
(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110
(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number)

October 31

Date of Fiscal Year End

October 31, 2014

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Tax-Managed Diversified

Equity Income Fund (ETY)

Annual Report

October 31, 2014

Commodity Futures Trading Commission Registration. Effective December 31, 2012, the Commodity Futures Trading Commission (CFTC) adopted certain regulatory changes that subject registered investment companies and advisers to regulation by the CFTC if a fund invests more than a prescribed level of its assets in certain CFTC-regulated instruments (including futures, certain options and swap agreements) or markets itself as providing investment exposure to such instruments. The Fund has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act. Accordingly, neither the Fund nor the adviser with respect to the operation of the Fund is subject to CFTC regulation. Because of its management of other strategies, the Fund's adviser is registered with the CFTC as a commodity pool operator and a commodity trading advisor.

Managed Distribution Plan. Pursuant to an exemptive order issued by the Securities and Exchange Commission (Order), the Fund is authorized to distribute long-term capital gains to shareholders more frequently than once per year. Pursuant to the Order, the Fund's Board of Trustees approved a Managed Distribution Plan (MDP) pursuant to which the Fund makes monthly cash distributions to common shareholders, stated in terms of a fixed amount per common share.

The Fund currently distributes monthly cash distributions equal to \$0.0843 per share in accordance with the MDP. You should not draw any conclusions about the Fund's investment performance from the amount of these distributions or from the terms of the MDP. The MDP will be subject to regular periodic review by the Fund's Board of Trustees and the Board may amend or terminate the MDP at any time without prior notice to Fund shareholders. However, at this time there are no reasonably foreseeable circumstances that might cause the termination of the MDP.

The Fund may distribute more than its net investment income and net realized capital gains and, therefore, a distribution may include a return of capital. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with yield or income. With each distribution, the Fund will issue a notice to shareholders and a press release containing information about the amount and sources of the distribution and other related information. The amounts and sources of distributions contained in the notice and press release are only estimates and are not provided for tax purposes. The amounts and sources of the Fund's distributions for tax purposes will be reported to shareholders on Form 1099-DIV for each calendar year.

Fund shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

Annual Report October 31, 2014

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Management's Discussion of Fund Performance

Economic and Market Conditions

During the 12-month period ended October 31, 2014, most major equity markets worldwide vacillated between optimism and concern—optimism that a modest global economic recovery was continuing and concern that slowing growth in some regions, particularly Europe and China, might derail that recovery. In the European Union, growth appeared to stall and Germany, one of the world's leading exporters, experienced negative GDP growth in the second quarter of 2014. China, meanwhile, saw third-quarter 2014 GDP growth fall to 7.3%, its slowest quarterly pace in five years.

On the positive side, falling oil prices, brought on by increased supply and weaker global demand, helped boost consumer spending and most market sectors, with the exception of energy. Expanding supply, especially in the U.S., helped blunt the impact that geopolitical turmoil in the Middle East and Ukraine/Russia might otherwise have had on oil prices.

In terms of specific index returns, U.S. market results during the period seemed to decouple from much of the rest of the world. The MSCI World Index², a proxy for global equities, rose 8.67% for the 12-month period, powered mainly by U.S. growth—whereas the MSCI World ex USA Index lost 0.15% for the same period. The MSCI EAFE Index of developed-market international equities fell 0.60%, due largely to weakness in European stocks and the decline of the euro against the dollar. The MSCI Emerging Markets Index, meanwhile, eked out a slight 0.64% gain. In the U.S., the Dow Jones Industrial Average advanced 14.48%, while the broader U.S. market, as represented by the S&P 500 Index, gained 17.27%.

Fund Performance

For the 12-month period ended October 31, 2014, Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund) had a total return of 13.64% at net asset value, underperforming the 17.27% return of the Fund's primary benchmark, the S&P 500 Index (the Index), and outperforming the 8.27% return of the Fund's secondary benchmark, the CBOE S&P 500 BuyWrite Index.

The Fund's options strategy was the main detractor from performance relative to the Index, as would generally be expected during a period of strong equity market performance. The options strategy, which is designed to help limit the Fund's exposure to market volatility and provide

current income, may be beneficial during periods of market weakness, but may detract from performance versus the Index during periods of market strength. When the market was trending upward, as it was for most of the 12-month period, the Fund's writing of covered call options hurt performance versus the Index, as premium income was relatively low and short calls overall ended in losses.

In addition, the Fund's common stock portfolio slightly underperformed the Index, as security selection in the industrials, financials, and energy sectors detracted from relative performance. In the industrials sector, the Fund's overweight positions in electrical equipment companies Emerson Electric Co. and Rockwell Automation, Inc. performed poorly on concerns that both firms' global business could be impaired by weak growth prospects in emerging markets and Europe. Overweighting Aflac, Inc., an insurance firm whose stock declined on disappointing sales and exposure to the weakening Japanese yen, detracted from performance relative to the Index in the financials sector, as did avoiding Wells Fargo, a bank whose stock performed well. In the energy sector, the Fund's overweight positions in oil exploration and production firms Devon Energy Corp. and Occidental Petroleum Corp. dragged on performance versus the Index, as both companies' profits were hurt by falling oil prices.

In contrast, stock selection in the health care and consumer discretionary sectors aided the Fund's performance relative to the Index. In the health care sector, overweight positions in biotechnology firms Gilead Sciences, Inc. and Celgene Corp. helped relative performance; Gilead's stock

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rose on anticipation of robust future earnings from products in its development pipeline, while shares of Celgene benefited from a favorable ruling on a patent dispute and positive trial results for a cancer drug. Overweighting Walt Disney Co., whose stock rose on strong execution across its movie, broadcast and parks businesses, and Nike, Inc., which also executed strongly across its business lines, boosted performance versus the Index in the consumer discretionary sector.

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and includes management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

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Performance²**Portfolio Managers** Walter A. Row III, CFA, CMT and Michael A. Allison, CFA

| % Average Annual Total Returns | Inception Date | One Year | Five Years | Since Inception |
|---------------------------------------|-----------------------|-----------------|-------------------|------------------------|
| Fund at NAV | 11/30/2006 | 13.64% | 11.16% | 6.37% |
| Fund at Market Price | | 19.41 | 10.60 | 5.67 |
| S&P 500 Index | | 17.27% | 16.68% | 6.98% |
| CBOE S&P 500 BuyWrite Index | | 8.27 | 8.69 | 3.84 |

| | |
|--|-------|
| % Premium/Discount to NAV³ | 5.11% |
|--|-------|

Distributions⁴

| | |
|--|----------|
| Total Distributions per share for the period | \$ 1.012 |
| Distribution Rate at NAV | 8.20% |
| Distribution Rate at Market Price | 8.64% |

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and includes management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

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Fund Snapshot

| | |
|--|--|
| Objective | The primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. |
| Strategy | The Fund invests in a diversified portfolio of domestic and foreign common stocks with an emphasis on dividend paying stocks and writes (sells) S&P 500 Index call options with respect to a portion of the value of its common stock portfolio to generate current cash flow from the options premium received. The Fund evaluates returns on an after tax basis and seeks to minimize and defer federal income taxes incurred by shareholders in connection with their investment in the Fund. |
| Options Strategy | Write Index Covered Calls |
| Equity Benchmark² | S&P 500 Index |
| Morningstar Category | Large Blend |
| Distribution Frequency | Monthly |
| Common Stock Portfolio | |
| Positions Held | 60 |
| % US / Non-US | 94.2/5.8 |
| Average Market Cap | \$124.6 Billion |
| Call Options Written | |
| % of Stock Portfolio | 47% |
| Average Days to Expiration | 17 days |
| % In the Money | 2.3% |

The following terms as used in the Fund snapshot:

Average Market Cap: An indicator of the size of the companies in which the Fund invests and is the sum of each security's weight in the portfolio multiplied by its market cap. Market Cap is determined by multiplying the price of a share of a company's common stock by the number of shares outstanding.

Call Option: For an index call option, the buyer has the right to receive from the seller (or writer) a cash payment at the option expiration date equal to any positive difference between the value of the index at contract expiration and the exercise price. The buyer of a call option makes a cash payment (premium) to the seller (writer) of the option upon entering into the option contract.

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Covered Call Strategy: A strategy of owning a portfolio of common stocks and writing call options on all or a portion of such stocks to generate current earnings from option premium.

In the Money: For a call option on a common stock or an index, the extent to which the current price of the stock or value of the index exceeds the exercise price of the option.

See Endnotes and Additional Disclosures in this report.

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Fund Profile

Sector Allocation (% of total investments)⁵

Top 10 Holdings (% of total investments)⁵

| | |
|----------------------------|-------|
| Google, Inc., Class C | 4.1% |
| Apple, Inc. | 4.1 |
| Corning, Inc. | 2.7 |
| Altria Group, Inc. | 2.7 |
| Merck & Co., Inc. | 2.4 |
| Simon Property Group, Inc. | 2.3 |
| Amazon.com, Inc. | 2.3 |
| JPMorgan Chase & Co. | 2.2 |
| Costco Wholesale Corp. | 2.2 |
| Caterpillar, Inc. | 2.1 |
| Total | 27.1% |

See Endnotes and Additional Disclosures in this report.

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Endnotes and Additional Disclosures

- ¹ The views expressed in this report are those of the portfolio manager(s) and are current only through the date stated at the top of this page. These views are subject to change at any time based upon market or other conditions, and Eaton Vance and the Fund(s) disclaim any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. This commentary may contain statements that are not historical facts, referred to as forward looking statements. The Fund's actual future results may differ significantly from those stated in any forward looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of Fund shares, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in the Fund's filings with the Securities and Exchange Commission.
- ² MSCI World Index is an unmanaged index of equity securities in the developed markets. The MSCI World ex USA Index is an unmanaged index of large-cap and mid-cap equity securities across the developed markets, excluding the U.S. MSCI EAFE Index is an unmanaged index of equities in the developed markets, excluding the U.S. and Canada. MSCI Emerging Markets Index is an unmanaged index of emerging-markets common stocks. MSCI indexes are net of foreign withholding taxes. Source: MSCI. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. S&P 500 Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance. CBOE S&P 500 BuyWrite Index measures the performance of a hypothetical buy-write strategy on the S&P 500 Index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Performance since inception for an index, if presented, is the performance since the Fund's or oldest share class inception, as applicable.
- ³ The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to <http://eatonvance.com/closedend>.
- ⁴ The Distribution Rate is based on the Fund's last regular distribution per share in the period (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's distributions may be comprised of amounts characterized for federal income tax purposes as qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. For additional information about nondividend distributions, please refer to Eaton Vance Closed-End Fund Distribution Notices (19a) posted on our website, eatonvance.com. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund's webpage available at eatonvance.com. In recent years, a significant portion of the Fund's distributions has been characterized as a return of capital. The Fund's distributions are determined by the investment adviser based on its current assessment of the Fund's long-term return potential. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.
- ⁵ Depictions do not reflect the Fund's option positions. Excludes cash and cash equivalents.

Fund snapshot and profile subject to change due to active management.

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Portfolio of Investments

Common Stocks 100.6%

| Security | Shares | Value |
|--|-----------|-----------------------|
| Aerospace & Defense 1.5% | | |
| Boeing Co. (The) | 219,555 | \$ 27,424,615 |
| | | \$ 27,424,615 |
| Air Freight & Logistics 2.0% | | |
| C.H. Robinson Worldwide, Inc. | 529,791 | \$ 36,666,835 |
| | | \$ 36,666,835 |
| Banks 5.6% | | |
| Bank of America Corp. | 2,287,555 | \$ 39,254,444 |
| JPMorgan Chase & Co. | 686,925 | 41,545,224 |
| PNC Financial Services Group, Inc. (The) | 262,287 | 22,658,974 |
| | | \$ 103,458,642 |
| Beverages 2.1% | | |
| Constellation Brands, Inc., Class A ⁽¹⁾ | 423,071 | \$ 38,727,919 |
| | | \$ 38,727,919 |
| Biotechnology 4.9% | | |
| Biogen Idec, Inc. ⁽¹⁾ | 57,797 | \$ 18,557,461 |
| Celgene Corp. ⁽¹⁾ | 300,450 | 32,175,190 |
| Gilead Sciences, Inc. ⁽¹⁾ | 350,850 | 39,295,200 |
| | | \$ 90,027,851 |
| Chemicals 2.3% | | |
| LyondellBasell Industries NV, Class A | 163,881 | \$ 15,016,416 |
| Monsanto Co. | 240,705 | 27,690,703 |
| | | \$ 42,707,119 |

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| | |
|---|--|
| <p>Communications Equipment 2.0%</p> <p>QUALCOMM, Inc.</p> | <p>468,500 \$ 36,781,935</p> <p>\$ 36,781,935</p> |
| <p>Consumer Finance 3.6%</p> <p>American Express Co.</p> <p>Discover Financial Services</p> | <p>312,951 \$ 28,149,942</p> <p>598,052 38,143,757</p> <p>\$ 66,293,699</p> |
| <p>Diversified Telecommunication Services 1.5%</p> <p>Verizon Communications, Inc.</p> | <p>553,500 \$ 27,813,375</p> <p>\$ 27,813,375</p> |
| Security | Shares Value |
| <p>Electric Utilities 1.5%</p> <p>NextEra Energy, Inc.</p> | <p>283,884 \$ 28,450,855</p> <p>\$ 28,450,855</p> |
| <p>Electrical Equipment 2.0%</p> <p>Emerson Electric Co.</p> | <p>565,500 \$ 36,225,930</p> <p>\$ 36,225,930</p> |
| <p>Electronic Equipment, Instruments & Components 2.8%</p> <p>Corning, Inc.</p> | <p>2,500,000 \$ 51,075,000</p> <p>\$ 51,075,000</p> |
| <p>Energy Equipment & Services 0.9%</p> <p>FMC Technologies, Inc.⁽¹⁾</p> | <p>310,242 \$ 17,385,962</p> <p>\$ 17,385,962</p> |
| <p>Food & Staples Retailing 3.0%</p> <p>Costco Wholesale Corp.</p> <p>CVS Health Corp.</p> | <p>307,266 \$ 40,980,066</p> <p>173,500 14,888,035</p> <p>\$ 55,868,101</p> |
| <p>Food Products 2.5%</p> <p>Hershey Co. (The)</p> <p>Mondelez International, Inc., Class A</p> | <p>202,937 \$ 19,463,688</p> <p>775,502 27,344,200</p> <p>\$ 46,807,888</p> |
| <p>Health Care Equipment & Supplies 2.4%</p> | |

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| | | |
|--|---------|----------------------|
| Abbott Laboratories | 625,534 | \$ 27,267,027 |
| Covidien PLC | 185,816 | 17,176,831 |
| | | \$ 44,443,858 |
| | | |
| Health Care Technology | 1.4% | |
| Cerner Corp. ⁽¹⁾ | 403,571 | \$ 25,562,187 |
| | | \$ 25,562,187 |
| | | |
| Household Durables | 1.0% | |
| Mohawk Industries, Inc. ⁽¹⁾ | 126,818 | \$ 18,013,229 |
| | | \$ 18,013,229 |
| | | |
| Industrial Conglomerates | 3.1% | |
| Danaher Corp. | 478,747 | \$ 38,491,259 |
| Roper Industries, Inc. | 121,000 | 19,154,300 |
| | | \$ 57,645,559 |

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Portfolio of Investments continued

| Security | Shares | Value |
|--|---------|-----------------------|
| Insurance 4.3% | | |
| ACE, Ltd. | 261,400 | \$ 28,571,020 |
| Aflac, Inc. | 469,462 | 28,040,965 |
| MetLife, Inc. | 432,990 | 23,485,378 |
| | | \$ 80,097,363 |
| Internet & Catalog Retail 2.3% | | |
| Amazon.com, Inc. ⁽¹⁾ | 139,846 | \$ 42,717,359 |
| | | \$ 42,717,359 |
| Internet Software & Services 6.4% | | |
| Facebook, Inc., Class A ⁽¹⁾ | 298,129 | \$ 22,356,694 |
| Google, Inc., Class C ⁽¹⁾ | 138,500 | 77,432,580 |
| IAC/InterActiveCorp | 265,000 | 17,937,850 |
| | | \$ 117,727,124 |
| IT Services 2.0% | | |
| Visa, Inc., Class A | 149,500 | \$ 36,093,785 |
| | | \$ 36,093,785 |
| Machinery 2.2% | | |
| Caterpillar, Inc. | 392,006 | \$ 39,753,328 |
| | | \$ 39,753,328 |
| Media 3.2% | | |
| Live Nation Entertainment, Inc. ⁽¹⁾ | 850,781 | \$ 22,120,306 |
| Walt Disney Co. (The) | 409,500 | 37,420,110 |
| | | \$ 59,540,416 |
| Multi-Utilities 1.6% | | |

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| | | |
|--|---------------|-----------------------|
| Sempra Energy | 266,968 | \$ 29,366,480 |
| | | \$ 29,366,480 |
| | | |
| Multiline Retail 1.3% | | |
| Macy's, Inc. | 404,484 | \$ 23,387,265 |
| | | \$ 23,387,265 |
| | | |
| Oil, Gas & Consumable Fuels 7.6% | | |
| Anadarko Petroleum Corp. | 334,116 | \$ 30,665,166 |
| Chevron Corp. | 290,827 | 34,884,699 |
| Devon Energy Corp. | 475,026 | 28,501,560 |
| Occidental Petroleum Corp. | 315,083 | 28,020,331 |
| Range Resources Corp. | 277,622 | 18,989,345 |
| | | \$ 141,061,101 |
| | | |
| Security | Shares | Value |
| | | |
| Pharmaceuticals 5.6% | | |
| Johnson & Johnson | 180,677 | \$ 19,473,367 |
| Merck & Co., Inc. | 783,393 | 45,389,790 |
| Perrigo Co. PLC | 124,000 | 20,019,800 |
| Roche Holding AG PC | 63,841 | 18,839,567 |
| | | \$ 103,722,524 |
| | | |
| Real Estate Investment Trusts (REITs) 2.4% | | |
| Simon Property Group, Inc. | 243,466 | \$ 43,631,542 |
| | | \$ 43,631,542 |
| | | |
| Semiconductors & Semiconductor Equipment 1.3% | | |
| NXP Semiconductors NV ⁽¹⁾ | 347,213 | \$ 23,839,645 |
| | | \$ 23,839,645 |
| | | |
| Software 3.6% | | |
| Microsoft Corp. | 821,739 | \$ 38,580,646 |
| Oracle Corp. | 703,500 | 27,471,675 |
| | | \$ 66,052,321 |
| | | |
| Specialty Retail 1.4% | | |
| TJX Cos., Inc. (The) | 392,665 | \$ 24,863,548 |
| | | \$ 24,863,548 |
| | | |
| Technology Hardware, Storage & Peripherals 4.1% | | |
| Apple, Inc. | 708,000 | \$ 76,464,000 |
| | | \$ 76,464,000 |

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Textiles, Apparel & Luxury Goods 1.8%

NIKE, Inc., Class B

357,272 \$ 33,215,578

\$ 33,215,578

Tobacco 2.7%

Altria Group, Inc.

1,031,371 \$ 49,856,474

\$ 49,856,474

Wireless Telecommunication Services 0.7%

T-Mobile US, Inc.⁽¹⁾

446,500 \$ 13,033,335

\$ 13,033,335

Total Common Stocks

(identified cost \$1,680,802,617)

\$ 1,855,803,747

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Portfolio of Investments continued

Short-Term Investments 0.6%

| Description | Interest (000 s omitted) | Value |
|--|-----------------------------|------------------|
| Eaton Vance Cash Reserves Fund, LLC, 0.14%(2) | \$ 11,398 | \$ 11,397,790 |
| Total Short-Term Investments (identified cost \$11,397,790) | | \$ 11,397,790 |
| Total Investments 101.2% (identified cost \$1,692,200,407) | | \$ 1,867,201,537 |

Call Options Written (1.2)%

| Description | Number of Contracts | Strike Price | Expiration Date | Value |
|---|------------------------|-----------------|--------------------|-----------------|
| S&P 500 Index | 1,180 | \$ 1,970 | 11/7/14 | \$ (5,699,400) |
| S&P 500 Index | 1,140 | 1,915 | 11/14/14 | (11,571,000) |
| S&P 500 Index | 1,155 | 1,990 | 11/22/14 | (4,487,175) |
| S&P 500 Index | 825 | 2,040 | 11/28/14 | (1,097,250) |
| Total Call Options Written (premiums received \$6,137,586) | | | | \$ (22,854,825) |

Other Assets, Less Liabilities 0.0% \$ 95,394

Net Assets 100.0% \$ 1,844,442,106

The percentage shown for each investment category in the Portfolio of Investments is based on net assets.

PC Participation Certificate

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(1) Non-income producing security.

(2) Affiliated investment company, available to Eaton Vance portfolios and funds, which invests in high quality, U.S. dollar denominated money market instruments. The rate shown is the annualized seven-day yield as of October 31, 2014.

(3) Amount is less than 0.05%.

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Statement of Assets and Liabilities

| | October 31, 2014 |
|---|-------------------------|
| Assets | |
| Unaffiliated investments, at value (identified cost, \$1,680,802,617) | \$ 1,855,803,747 |
| Affiliated investment, at value (identified cost, \$11,397,790) | 11,397,790 |
| Foreign currency, at value (identified cost, \$73) | 68 |
| Dividends receivable | 1,044,043 |
| Interest receivable from affiliated investment | 4,106 |
| Receivable for premium on written options | 874,749 |
| Tax reclaims receivable | 1,814,016 |
| Total assets | \$ 1,870,938,519 |
| Liabilities | |
| Written options outstanding, at value (premiums received, \$6,137,586) | \$ 22,854,825 |
| Payable for closed written options | 1,874,701 |
| Payable to affiliates: | |
| Investment adviser fee | 1,516,960 |
| Trustees fees | 5,667 |
| Accrued expenses | 244,260 |
| Total liabilities | \$ 26,496,413 |
| Net Assets | \$ 1,844,442,106 |
| Sources of Net Assets | |
| Common shares, \$0.01 par value, unlimited number of shares authorized, 149,444,220 shares issued and outstanding | \$ 1,494,442 |
| Additional paid-in capital | 1,671,120,096 |
| Accumulated net realized gain | 13,487,736 |
| Net unrealized appreciation | 158,339,832 |
| Net Assets | \$ 1,844,442,106 |
| Net Asset Value | |
| (\$1,844,442,106 ÷ 149,444,220 common shares issued and outstanding) | \$ 12.34 |

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Statement of Operations

| | Year Ended |
|--|-------------------------|
| | October 31, 2014 |
| Investment Income | |
| Dividends (net of foreign taxes, \$1,466,424) | \$ 68,074,595 |
| Interest income allocated from affiliated investment | 44,083 |
| Expenses allocated from affiliated investment | (5,797) |
| Total investment income | \$ 68,112,881 |
| Expenses | |
| Investment adviser fee | \$ 18,183,814 |
| Trustees' fees and expenses | 68,071 |
| Custodian fee | 478,338 |
| Transfer and dividend disbursing agent fees | 19,201 |
| Legal and accounting services | 92,408 |
| Printing and postage | 616,609 |
| Miscellaneous | 230,462 |
| Total expenses | \$ 19,688,903 |
| Deduct | |
| Reduction of custodian fee | \$ 912 |
| Total expense reductions | \$ 912 |
| Net expenses | \$ 19,687,991 |
| Net investment income | \$ 48,424,890 |
| Realized and Unrealized Gain (Loss) | |
| Net realized gain (loss) | |
| Investment transactions | \$ 39,125,481 |
| Investment transactions allocated from affiliated investment | 290 |
| Written options | (28,295,914) |
| Foreign currency and forward foreign currency exchange contract transactions | 908,908 |
| Net realized gain | \$ 11,738,765 |
| Change in unrealized appreciation (depreciation) | |
| Investments | \$ 173,758,924 |
| Written options | (11,589,786) |
| Foreign currency and forward foreign currency exchange contracts | (211,922) |
| Net change in unrealized appreciation (depreciation) | \$ 161,957,216 |
| Net realized and unrealized gain | \$ 173,695,981 |
| Net increase in net assets from operations | \$ 222,120,871 |

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Statements of Changes in Net Assets

| | Year Ended October 31, | |
|--|-------------------------------|-------------------------|
| | 2014 | 2013 |
| Increase (Decrease) in Net Assets | | |
| From operations | | |
| Net investment income | \$ 48,424,890 | \$ 29,178,297 |
| Net realized gain from investment transactions, written options, and foreign currency and forward foreign currency exchange contract transactions | 11,738,765 | 560,378,480 |
| Net change in unrealized appreciation (depreciation) from investments, written options, foreign currency and forward foreign currency exchange contracts | 161,957,216 | (291,185,434) |
| Net increase in net assets from operations | \$ 222,120,871 | \$ 298,371,343 |
| Distributions to shareholders | | |
| From net investment income | \$ (48,853,351) | \$ (59,722,778) |
| From net realized gain | | (104,673,449) |
| Tax return of capital | (102,336,224) | |
| Total distributions | \$ (151,189,575) | \$ (164,396,227) |
| Capital share transactions | | |
| Cost of shares repurchased (see Note 5) | \$ (1,503,887) | \$ (13,286,384) |
| Net decrease in net assets from capital share transactions | \$ (1,503,887) | \$ (13,286,384) |
| Net increase in net assets | \$ 69,427,409 | \$ 120,688,732 |
| Net Assets | | |
| At beginning of year | \$ 1,775,014,697 | \$ 1,654,325,965 |
| At end of year | \$ 1,844,442,106 | \$ 1,775,014,697 |
| Accumulated distributions in excess of net investment income included in net assets | | |
| At end of year | \$ | \$ (25,978) |

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Financial Highlights

| | Year Ended October 31, | | | | |
|--|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Net asset value Beginning of year | \$ 11.870 | \$ 10.960 | \$ 10.830 | \$ 12.210 | \$ 12.810 |
| Income (Loss) From Operations | | | | | |
| Net investment income ⁽¹⁾ | \$ 0.324 ⁽²⁾ | \$ 0.195 | \$ 0.138 | \$ 0.121 | \$ 0.138 |
| Net realized and unrealized gain (loss) | 1.157 | 1.798 | 1.062 | (0.227) | 0.941 |
| Total income (loss) from operations | \$ 1.481 | \$ 1.993 | \$ 1.200 | \$ (0.106) | \$ 1.079 |
| Less Distributions | | | | | |
| From net investment income | \$ (0.327) | \$ (0.398) | \$ (0.137) | \$ (0.122) | \$ (0.137) |
| From net realized gain | | (0.698) | | | |
| Tax return of capital | (0.685) | | (0.948) | (1.152) | (1.542) |
| Total distributions | \$ (1.012) | \$ (1.096) | \$ (1.085) | \$ (1.274) | \$ (1.679) |
| Anti-dilutive effect of share repurchase program (see Note 5)⁽¹⁾ | \$ 0.001 | \$ 0.013 | \$ 0.015 | \$ | \$ |
| Net asset value End of year | \$ 12.340 | \$ 11.870 | \$ 10.960 | \$ 10.830 | \$ 12.210 |
| Market value End of year | \$ 11.710 | \$ 10.720 | \$ 9.510 | \$ 9.210 | \$ 11.620 |
| Total Investment Return on Net Asset Value⁽³⁾ | 13.64% | 20.61% | 13.68% | (0.27)% | 9.26% |
| Total Investment Return on Market Value⁽³⁾ | 19.41% | 25.53% | 15.99% | (10.88)% | 6.82% |
| Ratios/Supplemental Data | | | | | |
| Net assets, end of year (000 s omitted) | \$ 1,844,442 | \$ 1,775,015 | \$ 1,654,326 | \$ 1,651,551 | \$ 1,861,901 |
| Ratios (as a percentage of average daily net assets): | | | | | |
| Expenses ⁽⁴⁾ | 1.08% | 1.09% | 1.07% | 1.07% | 1.07% |
| Net investment income | 2.65% ⁽²⁾ | 1.71% | 1.27% | 1.03% | 1.11% |
| Portfolio Turnover | 83% | 130% | 30% | 63% | 25% |

(1) Computed using average shares outstanding.

(2) Net investment income per share reflects special dividends which amounted to \$0.234 per share. Excluding special dividends, the ratio of net investment income to average daily net assets would have been 0.74%.

(3) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Distributions are assumed to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

(4) Excludes the effect of custody fee credits, if any, of less than 0.005%.

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Notes to Financial Statements

1 Significant Accounting Policies

Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund) is a Massachusetts business trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation.

The following is a summary of significant accounting policies of the Fund. The policies are in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946.

A Investment Valuation The following methodologies are used to determine the market value or fair value of investments.

Equity Securities. Equity securities listed on a U.S. securities exchange generally are valued at the last sale or closing price on the day of valuation or, if no sales took place on such date, at the mean between the closing bid and asked prices therefore on the exchange where such securities are principally traded. Equity securities listed on the NASDAQ Global or Global Select Market generally are valued at the NASDAQ official closing price. Unlisted or listed securities for which closing sales prices or closing quotations are not available are valued at the mean between the latest available bid and asked prices.

Debt Obligations. Short-term obligations purchased with a remaining maturity of sixty days or less are generally valued at amortized cost, which approximates market value.

Derivatives. Exchange-traded options are valued at the mean between the bid and asked prices at valuation time as reported by the Options Price Reporting Authority for U.S. listed options or by the relevant exchange or board of trade for non-U.S. listed options. Over-the-counter options are valued by a third party pricing service using techniques that consider factors including the value of the underlying instrument, the volatility of the underlying instrument and the period of time until option expiration. Forward foreign currency exchange contracts are generally valued at the mean of the average bid and average asked prices that are reported by currency dealers to a third party pricing service at the valuation time. Such third party pricing service valuations are supplied for specific settlement periods and the Fund's forward foreign currency exchange contracts are valued at an interpolated rate between the closest preceding and subsequent settlement period reported by the third party pricing service.

Foreign Securities and Currencies. Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rate quotations supplied by a third party pricing service. The pricing service uses a proprietary model to determine the exchange rate. Inputs to the model include reported trades and implied bid/ask spreads. The daily valuation of exchange-traded foreign securities generally is determined as of the close of trading on the principal exchange on which such securities trade. Events occurring after the close of trading on foreign exchanges may result in adjustments to the valuation of foreign securities to more accurately reflect their fair value as of the close of regular trading on the New York Stock Exchange. When valuing foreign equity securities that meet certain criteria, the Fund's Trustees have approved the use of a fair value service that values such securities to reflect market trading that occurs after the close of the applicable foreign markets of comparable securities or other instruments that have a strong correlation to the fair-valued securities.

Affiliated Fund. The Fund may invest in Eaton Vance Cash Reserves Fund, LLC (Cash Reserves Fund), an affiliated investment company managed by Eaton Vance Management (EVM). The value of the Fund's investment in Cash Reserves Fund reflects the Fund's proportionate interest in its net assets. Cash Reserves Fund generally values its investment securities utilizing the amortized cost valuation technique in accordance with Rule 2a-7 under the 1940 Act. This technique involves initially valuing a portfolio security at its cost and thereafter assuming a constant amortization to maturity of any discount or premium. If amortized cost is determined not to approximate fair value, Cash Reserves Fund may value its investment securities based on available market quotations provided by a third party pricing service.

Fair Valuation. Investments for which valuations or market quotations are not readily available or are deemed unreliable are valued at fair value using methods determined in good faith by or at the direction of the Trustees of the Fund in a manner that fairly reflects the security's value, or the amount that the Fund might reasonably expect to receive for the security upon its current sale in the ordinary course. Each such determination is based on a consideration of relevant factors,

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which are likely to vary from one pricing context to another. These factors may include, but are not limited to, the type of security, the existence of any contractual restrictions on the security's disposition, the price and extent of public trading in similar securities of the issuer or of comparable companies or entities, quotations or relevant information obtained from broker/dealers or other market participants, information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities), an analysis of the company's or entity's financial condition, and an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold.

B Investment Transactions Investment transactions for financial statement purposes are accounted for on a trade date basis. Realized gains and losses on investments sold are determined on the basis of identified cost.

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Notes to Financial Statements continued

C Income Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities. However, if the ex-dividend date has passed, certain dividends from foreign securities are recorded as the Fund is informed of the ex-dividend date. Withholding taxes on foreign dividends and capital gains have been provided for in accordance with the Fund's understanding of the applicable countries' tax rules and rates. Interest income is recorded on the basis of interest accrued, adjusted for amortization of premium or accretion of discount.

D Federal Taxes The Fund's policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year substantially all of its net investment income, and all or substantially all of its net realized capital gains. Accordingly, no provision for federal income or excise tax is necessary.

As of October 31, 2014, the Fund had no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund files a U.S. federal income tax return annually after its fiscal year-end, which is subject to examination by the Internal Revenue Service for a period of three years from the date of filing.

E Expense Reduction State Street Bank and Trust Company (SSBT) serves as custodian of the Fund. Pursuant to the custodian agreement, SSBT receives a fee reduced by credits, which are determined based on the average daily cash balance the Fund maintains with SSBT. All credit balances, if any, used to reduce the Fund's custodian fees are reported as a reduction of expenses in the Statement of Operations.

F Foreign Currency Translation Investment valuations, other assets, and liabilities initially expressed in foreign currencies are translated each business day into U.S. dollars based upon current exchange rates. Purchases and sales of foreign investment securities and income and expenses denominated in foreign currencies are translated into U.S. dollars based upon currency exchange rates in effect on the respective dates of such transactions. Recognized gains or losses on investment transactions attributable to changes in foreign currency exchange rates are recorded for financial statement purposes as net realized gains and losses on investments. That portion of unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

G Use of Estimates The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

H Indemnifications Under the Fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Fund. Under Massachusetts law, if certain conditions prevail, shareholders of a Massachusetts business trust (such as the Fund) could be deemed to have personal liability for the obligations of the Fund. However, the Fund's Declaration of Trust contains an express disclaimer of liability on the part of Fund shareholders and the By-laws provide that the Fund shall assume the defense on behalf of any Fund shareholders. Moreover, the By-laws also provide for indemnification out of Fund property of any shareholder held personally liable solely by reason of being or having been a shareholder for all loss or expense arising from such liability. Additionally, in the normal course of business, the Fund enters into agreements with service providers that may contain indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

I Forward Foreign Currency Exchange Contracts The Fund may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded as unrealized until such time as the contracts have been closed. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from movements in the value of a foreign currency relative to the U.S. dollar.

J Written Options Upon the writing of a call or a put option, the premium received by the Fund is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written, in accordance with the Fund's policies on investment valuations discussed above. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. When an index option is exercised, the Fund is required to deliver an amount of cash determined by the excess of the strike price of the option over the value of the index

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(in the case of a put) or the excess of the value of the index over the strike price of the option (in the case of a call) at contract termination. If a put option on a security is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as a writer of an option, may have no control over whether the underlying securities or other assets may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the securities or other assets underlying the written option. The Fund may also bear the risk of not being able to enter into a closing transaction if a liquid secondary market does not exist.

K Purchased Options Upon the purchase of a call or put option, the premium paid by the Fund is included in the Statement of Assets and Liabilities as an investment. The amount of the investment is subsequently marked-to-market to reflect the current market value of the option purchased, in accordance with the Fund's policies on investment valuations discussed above. As the purchaser of an index option, the Fund has the right to receive a cash payment equal to any depreciation in the value of the index below the strike price of the option (in the case of a put) or equal to any appreciation in the value of the index over the strike price of the option (in the case of a call) as of the valuation date of the option. If an option which the Fund had purchased expires on the stipulated expiration date, the Fund will realize a loss in the amount of the cost of the option. If the Fund enters into a closing sale transaction, the

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October 31, 2014

Notes to Financial Statements continued

Fund will realize a gain or loss, depending on whether the sales proceeds from the closing sale transaction are greater or less than the cost of the option. If the Fund exercises a put option on a security, it will realize a gain or loss from the sale of the underlying security, and the proceeds from such sale will be decreased by the premium originally paid. If the Fund exercises a call option on a security, the cost of the security which the Fund purchases upon exercise will be increased by the premium originally paid. The risk associated with purchasing options is limited to the premium originally paid.

2 Distributions to Shareholders and Income Tax Information

Subject to its Managed Distribution Plan, the Fund makes monthly distributions from its cash available for distribution, which consists of the Fund's dividends and interest income after payment of Fund expenses, net option premiums and net realized and unrealized gains on stock investments. The Fund intends to distribute all or substantially all of its net realized capital gains. Distributions are recorded on the ex-dividend date. Distributions to shareholders are determined in accordance with income tax regulations, which may differ from U.S. GAAP. As required by U.S. GAAP, only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a substantial return of capital component.

The tax character of distributions declared for the years ended October 31, 2014 and October 31, 2013 was as follows:

| | Year Ended October 31, | |
|-------------------------------------|------------------------|----------------|
| | 2014 | 2013 |
| Distributions declared from: | | |
| Ordinary income | \$ 48,853,351 | \$ 59,722,778 |
| Long-term capital gains | \$ | \$ 104,673,449 |
| Tax return of capital | \$ 102,336,224 | \$ |

During the year ended October 31, 2014, accumulated net realized gain was decreased by \$454,439 and accumulated distributions in excess of net investment income was decreased by \$454,439 due to differences between book and tax accounting, primarily for foreign currency gain (loss) and distributions from real estate investment trusts. These reclassifications had no effect on the net assets or net asset value per share of the Fund.

As of October 31, 2014, the components of distributable earnings (accumulated losses) and unrealized appreciation (depreciation) on a tax basis were as follows:

| | |
|-----------------------------|----------------|
| Deferred capital losses | \$ (2,858,592) |
| Net unrealized appreciation | \$ 174,686,160 |

The differences between components of distributable earnings (accumulated losses) on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales and written options contracts.

At October 31, 2014, the Fund, for federal income tax purposes, had deferred capital losses of \$2,858,592 which will reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of distributions to shareholders, which would otherwise be necessary to relieve the Fund of any liability for federal income or excise tax. The deferred capital losses are treated as arising on the first day of the Fund's next taxable year and retain the same short-term or long-term character as when originally deferred. Of the deferred capital losses at October 31, 2014, \$2,858,592 are long-term.

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The cost and unrealized appreciation (depreciation) of investments of the Fund at October 31, 2014, as determined on a federal income tax basis, were as follows:

| | |
|------------------------------------|-------------------------|
| Aggregate cost | \$ 1,692,571,318 |
| Gross unrealized appreciation | \$ 199,123,932 |
| Gross unrealized depreciation | (24,493,713) |
| Net unrealized appreciation | \$ 174,630,219 |

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Tax-Managed Diversified Equity Income Fund

October 31, 2014

Notes to Financial Statements continued

3 Investment Adviser Fee and Other Transactions with Affiliates

The investment adviser fee is earned by EVM as compensation for management and investment advisory services rendered to the Fund. Pursuant to the investment advisory agreement and subsequent fee reduction agreement, the fee is computed at an annual rate of 1.00% of the Fund's average daily gross assets up to and including \$1.5 billion, 0.98% over \$1.5 billion up to and including \$3 billion and at reduced rates on daily gross assets over \$3 billion, and is payable monthly. Gross assets as referred to herein represent net assets plus obligations attributable to investment leverage, if any. The fee reduction cannot be terminated without the consent of a majority of Trustees and a majority of shareholders. For the year ended October 31, 2014, the Fund's investment adviser fee amounted to \$18,183,814 or 1.00% of the Fund's average daily gross assets. The Fund invests its cash in Cash Reserves Fund. EVM does not currently receive a fee for advisory services provided to Cash Reserves Fund. EVM also serves as administrator of the Fund, but receives no compensation.

Trustees and officers of the Fund who are members of EVM's organization receive remuneration for their services to the Fund out of the investment adviser fee. Trustees of the Fund who are not affiliated with EVM may elect to defer receipt of all or a percentage of their annual fees in accordance with the terms of the Trustees Deferred Compensation Plan. For the year ended October 31, 2014, no significant amounts have been deferred. Certain officers and Trustees of the Fund are officers of EVM.

4 Purchases and Sales of Investments

Purchases and sales of investments, other than short-term obligations, aggregated \$1,504,134,294 and \$1,611,899,419, respectively, for the year ended October 31, 2014.

5 Common Shares of Beneficial Interest

The Fund may issue common shares pursuant to its dividend reinvestment plan. There were no common shares issued by the Fund for the years ended October 31, 2014 and October 31, 2013.

On August 6, 2012, the Board of Trustees of the Fund authorized the repurchase by the Fund of up to 10% of its then currently outstanding common shares in open-market transactions at a discount to net asset value (NAV). On September 30, 2013, the Board of Trustees of the Fund approved the continuation of the Fund's share repurchase program. The Board authorized the repurchase by the Fund of up to 10% of its common shares outstanding as of September 30, 2013 in open market transactions at a discount to NAV. The terms of the reauthorization increased the number of shares available for repurchase. The repurchase program does not obligate the Fund to purchase a specific amount of shares. During the years ended October 31, 2014 and October 31, 2013, the Fund repurchased 140,000 and 1,385,696, respectively, of its common shares under the share repurchase program at a cost, including brokerage commissions, of \$1,503,887 and \$13,286,384, respectively, and an average price per share of \$10.74 and \$9.59, respectively. The weighted average discount per share to NAV on these repurchases amounted to 10.56% and 12.92% for the years ended October 31, 2014 and October 31, 2013, respectively.

6 Financial Instruments

The Fund may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities. These financial instruments may include forward foreign currency exchange contracts and written options and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or contractual amounts of these instruments represent the investment the Fund has in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. A summary of written options at October 31, 2014 is included in the Portfolio of Investments.

At October 31, 2014, there were no forward foreign currency exchange contracts outstanding.

Written options activity for the year ended October 31, 2014 was as follows:

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| | Number of | Premiums |
|---|------------------|---------------------|
| | Contracts | Received |
| Outstanding, beginning of year | 3,565 | \$ 5,790,147 |
| Options written | 59,320 | 83,971,835 |
| Options terminated in closing purchase transactions | (39,425) | (57,002,495) |
| Options expired | (19,160) | (26,621,901) |
| Outstanding, end of year | 4,300 | \$ 6,137,586 |

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October 31, 2014

[Notes to Financial Statements](#) continued

All of the assets of the Fund are subject to segregation to satisfy the requirements of the escrow agent. At October 31, 2014, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

In the normal course of pursuing its investment objectives, the Fund is subject to the following risks:

Equity Price Risk: The Fund writes index call options above the current value of the index to generate premium income. In writing index call options, the Fund in effect, sells potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. The Fund retains the risk of loss, minus the premium received, should the price of the underlying index decline.

Foreign Exchange Risk: Because the Fund holds foreign currency denominated investments, the value of these investments and related receivables and payables may change due to future changes in foreign currency exchange rates. To hedge against this risk, the Fund entered into forward foreign currency exchange contracts during the year ended October 31, 2014.

The Fund enters into forward foreign currency exchange contracts that may contain provisions whereby the counterparty may terminate the contract under certain conditions, including but not limited to a decline in the Fund's net assets below a certain level over a certain period of time, which would trigger a payment by the Fund for those derivatives in a liability position. At October 31, 2014, the Fund had no open derivatives with credit-related contingent features in a net liability position.

The over-the-counter (OTC) derivatives in which the Fund invests are subject to the risk that the counterparty to the contract fails to perform its obligations under the contract. The Fund is not subject to counterparty credit risk with respect to its written options as the Fund, not the counterparty, is obligated to perform under such derivatives. To mitigate this risk, the Fund has entered into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with substantially all its derivative counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, set-off provisions in the event of a default and/or termination event as defined under the relevant ISDA Master Agreement. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy or insolvency. Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements, which would cause the counterparty to accelerate payment by the Fund of any net liability owed to it.

The collateral requirements for derivatives traded under an ISDA Master Agreement are governed by a Credit Support Annex to the ISDA Master Agreement. Collateral requirements are determined at the close of business each day and are typically based on changes in market values for each transaction under an ISDA Master Agreement and netted into one amount for such agreement. Generally, the amount of collateral due from or to a counterparty is subject to a minimum transfer threshold amount before a transfer is required, which may vary by counterparty. Collateral pledged for the benefit of the Fund and/or counterparty is held in segregated accounts by the Fund's custodian and cannot be sold, re-pledged, assigned or otherwise used while pledged. The portion of such collateral representing cash, if any, is reflected as restricted cash and, in the case of cash pledged by a counterparty for the benefit of the Fund, a corresponding liability on the Statement of Assets and Liabilities. Securities pledged by the Fund as collateral, if any, are identified as such in the Portfolio of Investments.

The fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) and whose primary underlying risk exposure is equity price risk at October 31, 2014 was as follows:

| Derivative | Fair Value | |
|------------|------------------|----------------------|
| | Asset Derivative | Liability Derivative |

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| | | | |
|-----------------|----|----|-----------------------------|
| Written options | \$ | \$ | (22,854,825) ⁽¹⁾ |
|-----------------|----|----|-----------------------------|

⁽¹⁾ Statement of Assets and Liabilities location: Written options outstanding, at value.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Notes to Financial Statements continued

The effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) on the Statement of Operations by risk exposure for the year ended October 31, 2014 was as follows:

| Risk | Derivative | Realized Gain (Loss) on Derivatives Recognized in Income⁽¹⁾ | Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income⁽²⁾ |
|------------------|---|---|---|
| Equity Price | Written options | \$ (28,295,914) | \$ (11,589,786) |
| Foreign Exchange | Forward foreign currency exchange contracts | 1,265,016 | (25,978) |
| Total | | \$ (27,030,898) | \$ (11,615,764) |

(1) Statement of Operations location: Net realized gain (loss) Written options and Foreign currency and forward foreign currency exchange contract transactions, respectively.

(2) Statement of Operations location: Change in unrealized appreciation (depreciation) Written options and Foreign currency and forward foreign currency exchange contracts, respectively.

The average notional amount of forward foreign currency exchange contracts outstanding during the year ended October 31, 2014, which is indicative of the volume of this derivative type, was approximately \$33,677,000.

7 Fair Value Measurements

Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

In cases where the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level disclosed is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Notes to Financial Statements continued

At October 31, 2014, the hierarchy of inputs used in valuing the Fund's investments and open derivative instruments, which are carried at value, were as follows:

| Asset Description | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------------------|-----------------------|-----------|-------------------------|
| Common Stocks | | | | |
| Consumer Discretionary | \$ 201,737,395 | \$ | \$ | \$ 201,737,395 |
| Consumer Staples | 191,260,382 | | | 191,260,382 |
| Energy | 158,447,063 | | | 158,447,063 |
| Financials | 293,481,246 | | | 293,481,246 |
| Health Care | 244,916,853 | 18,839,567 | | 263,756,420 |
| Industrials | 197,716,267 | | | 197,716,267 |
| Information Technology | 408,033,810 | | | 408,033,810 |
| Materials | 42,707,119 | | | 42,707,119 |
| Telecommunication Services | 40,846,710 | | | 40,846,710 |
| Utilities | 57,817,335 | | | 57,817,335 |
| Total Common Stocks | \$ 1,836,964,180 | \$ 18,839,567* | \$ | \$ 1,855,803,747 |
| Short-Term Investments | \$ | \$ 11,397,790 | \$ | \$ 11,397,790 |
| Total Investments | \$ 1,836,964,180 | \$ 30,237,357 | \$ | \$ 1,867,201,537 |
| Liability Description | | | | |
| Call Options Written | \$ (22,854,825) | \$ | \$ | \$ (22,854,825) |
| Total | \$ (22,854,825) | \$ | \$ | \$ (22,854,825) |

* Includes foreign equity securities whose values were adjusted to reflect market trading of comparable securities or other correlated instruments that occurred after the close of trading in their applicable foreign markets.

The Fund held no investments or other financial instruments as of October 31, 2013 whose fair value was determined using Level 3 inputs. At October 31, 2014, there were no investments transferred between Level 1 and Level 2 during the year then ended.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of Eaton Vance Tax-Managed Diversified Equity Income Fund:

We have audited the accompanying statement of assets and liabilities of Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund), including the portfolio of investments, as of October 31, 2014, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Eaton Vance Tax-Managed Diversified Equity Income Fund as of October 31, 2014, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts

December 17, 2014

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Federal Tax Information (Unaudited)

The Form 1099-DIV you receive in February 2015 will show the tax status of all distributions paid to your account in calendar year 2014. Shareholders are advised to consult their own tax adviser with respect to the tax consequences of their investment in the Fund. As required by the Internal Revenue Code and/or regulations, shareholders must be notified regarding the status of qualified dividend income for individuals and the dividends received deduction for corporations.

Qualified Dividend Income. For the fiscal year ended October 31, 2014, the Fund designates approximately \$59,074,592, or up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code, as qualified dividend income eligible for the reduced tax rate of 15%.

Dividends Received Deduction. Corporate shareholders are generally entitled to take the dividends received deduction on the portion of the Fund's dividend distribution that qualifies under tax law. For the Fund's fiscal 2014 ordinary income dividends, 49.07% qualifies for the corporate dividends received deduction.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Annual Meeting of Shareholders (Unaudited)

The Fund held its Annual Meeting of Shareholders on August 21, 2014. The following action was taken by the shareholders:

Item 1: The election of George J. Gorman, William H. Park, Ronald A. Pearlman and Harriett Tee Taggart as Class II Trustees of the Fund for a three-year term expiring in 2017.

Nominee for Trustee

Number of Shares

Elected by All Shareholders

| | For | Withheld |
|----------------------|-------------|-----------------|
| George J. Gorman | 125,954,070 | 2,169,712 |
| William H. Park | 125,920,825 | 2,202,957 |
| Ronald A. Pearlman | 125,178,929 | 2,944,853 |
| Harriett Tee Taggart | 125,865,811 | 2,257,971 |

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Dividend Reinvestment Plan

The Fund offers a dividend reinvestment plan (Plan) pursuant to which shareholders automatically have distributions reinvested in common shares (Shares) of the Fund unless they elect otherwise through their investment dealer. On the distribution payment date, if the NAV per Share is equal to or less than the market price per Share plus estimated brokerage commissions, then new Shares will be issued. The number of Shares shall be determined by the greater of the NAV per Share or 95% of the market price. Otherwise, Shares generally will be purchased on the open market by American Stock Transfer & Trust Company, LLC, the Plan agent (Agent). Distributions subject to income tax (if any) are taxable whether or not Shares are reinvested.

If your Shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you will need to request that the Fund's transfer agent re-register your Shares in your name or you will not be able to participate.

The Agent's service fee for handling distributions will be paid by the Fund. Plan participants will be charged their pro rata share of brokerage commissions on all open-market purchases.

Plan participants may withdraw from the Plan at any time by writing to the Agent at the address noted on the following page. If you withdraw, you will receive Shares in your name for all Shares credited to your account under the Plan. If a participant elects by written notice to the Agent to sell part or all of his or her Shares and remit the proceeds, the Agent is authorized to deduct a \$5.00 fee plus brokerage commissions from the proceeds.

If you wish to participate in the Plan and your Shares are held in your own name, you may complete the form on the following page and deliver it to the Agent. Any inquiries regarding the Plan can be directed to the Agent at 1-866-439-6787.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Application for Participation in Dividend Reinvestment Plan

This form is for shareholders who hold their common shares in their own names. If your common shares are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to see if it will participate in the Plan on your behalf. If you wish to participate in the Plan, but your brokerage firm, bank, or nominee is unable to participate on your behalf, you should request that your common shares be re-registered in your own name which will enable your participation in the Plan.

The following authorization and appointment is given with the understanding that I may terminate it at any time by terminating my participation in the Plan as provided in the terms and conditions of the Plan.

Please print exact name on account:

Shareholder signature

Date

Shareholder signature

Date

Please sign exactly as your common shares are registered. All persons whose names appear on the share certificate must sign.

YOU SHOULD NOT RETURN THIS FORM IF YOU WISH TO RECEIVE YOUR DISTRIBUTIONS IN CASH. THIS IS NOT A PROXY.

This authorization form, when signed, should be mailed to the following address:

Eaton Vance Tax-Managed Diversified Equity Income Fund

c/o American Stock Transfer & Trust Company, LLC

P.O. Box 922

Wall Street Station

New York, NY 10269-0560

Number of Employees

The Fund is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company and has no employees.

Number of Shareholders

As of October 31, 2014, Fund records indicate that there are 57 registered shareholders and approximately 76,195 shareholders owning the Fund shares in street name, such as through brokers, banks, and financial intermediaries.

If you are a street name shareholder and wish to receive Fund reports directly, which contain important information about the Fund, please write or call:

Eaton Vance Distributors, Inc.

Two International Place

Boston, MA 02110

1-800-262-1122

New York Stock Exchange symbol

The New York Stock Exchange symbol is ETY.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Management and Organization

Fund Management. The Trustees of Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund) are responsible for the overall management and supervision of the Fund's affairs. The Trustees and officers of the Fund are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. The Noninterested Trustees consist of those Trustees who are not interested persons of the Fund, as that term is defined under the 1940 Act. The business address of each Trustee and officer is Two International Place, Boston, Massachusetts 02110. As used below, EVC refers to Eaton Vance Corp., EV refers to Eaton Vance, Inc., EVM refers to Eaton Vance Management, BMR refers to Boston Management and Research and EVD refers to Eaton Vance Distributors, Inc. EVC and EV are the corporate parent and trustee, respectively, of EVM and BMR. EVD is a wholly-owned subsidiary of EVC. Each officer affiliated with Eaton Vance may hold a position with other Eaton Vance affiliates that is comparable to his or her position with EVM listed below. Each Trustee oversees 180 portfolios in the Eaton Vance Complex (including all master and feeder funds in a master feeder structure). Each officer serves as an officer of certain other Eaton Vance funds. Each Trustee serves for a three year term. Each officer serves until his or her successor is elected.

| Name and Year of Birth | Position(s) with the Fund | Term Expiring; Trustee Since ⁽¹⁾ | Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience |
|---|------------------------------|--|---|
| | | | |
| Interested Trustee | | | |
| Thomas E. Faust Jr. 1958 | Class I Trustee | Until 2016. Trustee since 2007. | Chairman, Chief Executive Officer and President of EVC, Director and President of EV, Chief Executive Officer and President of EVM and BMR, and Director of EVD. Trustee and/or officer of 180 registered investment companies. Mr. Faust is an interested person because of his positions with EVM, BMR, EVD, EVC and EV, which are affiliates of the Fund. Directorships in the Last Five Years.(2) Director of EVC and Hexavest Inc. |
| Noninterested Trustees | | | |
| Scott E. Eston 1956 | Class I Trustee | Until 2016. Trustee since 2011. | Private investor. Formerly held various positions at Grantham, Mayo, Van Otterloo and Co., L.L.C. (investment management firm) (1997-2009), including Chief Operating Officer (2002-2009), Chief Financial Officer (1997-2009) and Chairman of the Executive Committee (2002-2008); President and Principal Executive Officer, GMO Trust (open-end registered investment company) (2006-2009). Former Partner, Coopers and Lybrand L.L.P. (now PricewaterhouseCoopers) (public accounting firm) (1987-1997). Directorships in the Last Five Years.(2) None. |
| Cynthia E. Frost ⁽³⁾ 1961 | Class I Trustee | Until 2016. Trustee since 2014. | Private investor. Formerly, Chief Investment Officer of Brown University (university endowment) (2000-2012); Portfolio Strategist for Duke Management Company (university endowment manager) (1995-2000); Managing Director, Cambridge Associates (1989-1995); Consultant, Bain and Company (1987-1989); Senior Equity Analyst, BA Investment Management Company (1983-1985). Directorships in the Last Five Years. None. |

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| | | | |
|----------------------------------|-----------|---------------------|---|
| George J. Gorman ⁽³⁾ | Class II | Until 2017. | Principal at George J. Gorman LLC (consulting firm). Formerly, Senior Partner at Ernst & Young LLP (public accounting firm) (1974-2009). |
| 1952 | Trustee | Trustee since 2014. | Directorships in the Last Five Years. Formerly, Trustee of the Bank of America Money Market Funds Series Trust (2011-2014) and of the Ashmore Funds (2010-2014). |
| Valerie A. Mosley ⁽⁴⁾ | Class III | Until 2015. | Chairwoman and Chief Executive Officer of Valmo Ventures (a consulting and investment firm). Former Partner and Senior Vice President, Portfolio Manager and Investment Strategist at Wellington Management Company, LLP (investment management firm) (1992-2012). Former Chief Investment Officer, PG Corbin Asset Management (1990-1992). Formerly worked in institutional corporate bond sales at Kidder Peabody (1986-1990). |
| 1960 | Trustee | Trustee since 2014. | Directorships in the Last Five Years.(2) Director of Dynex Capital, Inc. (mortgage REIT) (since 2013). |
| William H. Park | Class II | Until 2017. | Consultant and private investor. Formerly, Chief Financial Officer, Aveon Group L.P. (investment management firm) (2010-2011). Formerly, Vice Chairman, Commercial Industrial Finance Corp. (specialty finance company) (2006-2010). Formerly, President and Chief Executive Officer, Prizm Capital Management, LLC (investment management firm) (2002-2005). Formerly, Executive Vice President and Chief Financial Officer, United Asset Management Corporation (investment management firm) (1982-2001). Formerly, Senior Manager, Price Waterhouse (now PricewaterhouseCoopers) (an independent registered public accounting firm) (1972-1981). |
| 1947 | Trustee | Trustee since 2003. | Directorships in the Last Five Years.(2) None. |

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2014

Management and Organization continued

| Name and Year of Birth | Fund | Position(s) with the | Term Expiring; Trustee Since ⁽¹⁾ | Principal Occupation(s) and Directorships |
|---|---|-------------------------|--|---|
| | | | | During Past Five Years and Other Relevant Experience |
| Noninterested Trustees (continued) | | | | |
| Ronald A. Pearlman 1940 | Class II Trustee | | Until 2017. Trustee since 2003. | Lawyer and consultant. Formerly, Professor of Law, Georgetown University Law Center (1999-2014). Formerly, Partner, Covington & Burling LLP (law firm) (1991-2000). Formerly, Chief of Staff, Joint Committee on Taxation, U.S. Congress (1988-1990). Formerly, Deputy Assistant Secretary (Tax Policy) and Assistant Secretary (Tax Policy), U.S. Department of the Treasury (1983-1985). Directorships in the Last Five Years. ⁽²⁾ None. |
| Helen Frame Peters 1948 | Class III Trustee | | Until 2015. Trustee since 2008. | Professor of Finance, Carroll School of Management, Boston College. Formerly, Dean, Carroll School of Management, Boston College (2000-2002). Formerly, Chief Investment Officer, Fixed Income, Scudder Kemper Investments (investment management firm) (1998-1999). Formerly, Chief Investment Officer, Equity and Fixed Income, Colonial Management Associates (investment management firm) (1991-1998). Directorships in the Last Five Years. ⁽²⁾ Formerly, Director of BJ's Wholesale Club, Inc. (wholesale club retailer) (2004-2011). Formerly, Trustee of SPDR Index Shares Funds and SPDR Series Trust (exchange traded funds) (2000-2009). Formerly, Director of Federal Home Loan Bank of Boston (a bank for banks) (2007-2009). |
| Harriett Tee Taggart 1948 | Class II Trustee | | Until 2017. Trustee since 2011. | Managing Director, Taggart Associates (a professional practice firm). Formerly, Partner and Senior Vice President, Wellington Management Company, LLP (investment management firm) (1983-2006). Directorships in the Last Five Years. ⁽²⁾ Director of Albemarle Corporation (chemicals manufacturer) (since 2007) and The Hanover Group (specialty property and casualty insurance company) (since 2009). Formerly, Director of Lubrizol Corporation (specialty chemicals) (2007-2011). |
| Ralph F. Verni 1943 | Chairman of the Board and Class III Trustee | | Until 2015. Trustee since 2005 and Chairman since 2007. | Consultant and private investor. Formerly, Chief Investment Officer (1982-1992), Chief Financial Officer (1988-1990) and Director (1982-1992), New England Life. Formerly, Chairperson, New England Mutual Funds (1982-1992). Formerly, President and Chief Executive Officer, State Street Management & Research (1992-2000). Formerly, Chairperson, State Street Research Mutual Funds (1992-2000). Formerly, Director, W.P. Carey, LLC (1998-2004) and First Pioneer Farm Credit Corp. (2002-2006). Directorships in the Last Five Years. ⁽²⁾ None. |

Principal Officers who are not Trustees
Name and Year of Birth Position(s)

Principal Occupation(s)

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| | with the Fund | Officer Since⁽⁵⁾ | During Past Five Years |
|--------------------|--|--|--------------------------------|
| Walter A. Row, III | President | 2004 | Vice President of EVM and BMR. |
| 1957 | | | |
| Maureen A. Gemma | Vice President, Secretary and Chief Legal Officer | 2005 | Vice President of EVM and BMR. |
| 1960 | | | |
| James F. Kirchner | Treasurer | 2007 | Vice President of EVM and BMR. |
| 1967 | | | |
| Paul M. O Neil | Chief Compliance Officer | 2004 | Vice President of EVM and BMR. |
| 1953 | | | |

(1) Year first appointed to serve as Trustee for a fund in the Eaton Vance family of funds. Each Trustee has served continuously since appointment unless indicated otherwise. Each Trustee holds office until the annual meeting for the year in which his or her term expires and until his or her successor is elected and qualified, subject to a prior death, resignation, retirement, disqualification or removal.

(2) During their respective tenures, the Trustees (except for Ms. Frost and Mr. Gorman) also served as Board members of one or more of the following funds (which operated in the years noted): eUnits™ 2 Year U.S. Market Participation Trust: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014); eUnits™ 2 Year U.S. Market Participation Trust II: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014); Eaton Vance Credit Opportunities Fund (launched in 2005 and terminated in 2010); Eaton Vance Insured Florida Plus Municipal Bond Fund (launched in 2002 and terminated in 2009); and Eaton Vance National Municipal Income Trust (launched in 1998 and terminated in 2009). However, Ms. Mosley did not serve as a Board member of eUnits™ 2 Year U.S. Market Participation Trust: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014).

(3) Ms. Frost and Mr. Gorman began serving as Trustees effective May 29, 2014.

(4) Ms. Mosley began serving as a Trustee effective January 1, 2014.

(5) Year first elected to serve as officer of a fund in the Eaton Vance family of funds when the officer has served continuously. Otherwise, year of most recent election as an officer of a fund in the Eaton Vance family of funds. Titles may have changed since initial election.

Eaton Vance Funds

IMPORTANT NOTICES

Privacy. The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy (Privacy Policy) with respect to nonpublic personal information about its customers:

Only such information received from you, through application forms or otherwise, and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.

None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer's account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker-dealers.

Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.

We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Privacy Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Eaton Vance Distributors, Inc., Eaton Vance Trust Company, Eaton Vance Management's Real Estate Investment Group and Boston Management and Research. In addition, our Privacy Policy applies only to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer's account (i.e., fund shares) is held in the name of a third-party financial advisor/broker-dealer, it is likely that only such advisor's privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures. For more information about Eaton Vance's Privacy Policy, please call 1-800-262-1122.

Delivery of Shareholder Documents. The Securities and Exchange Commission (SEC) permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called "householding" and it helps eliminate duplicate mailings to shareholders. *Eaton Vance, or your financial advisor, may household the mailing of your documents indefinitely unless you instruct Eaton Vance, or your financial advisor, otherwise.* If you would prefer that your Eaton Vance documents not be househanded, please contact Eaton Vance at 1-800-262-1122, or contact your financial advisor. Your instructions that householding not apply to delivery of your Eaton Vance documents will be effective within 30 days of receipt by Eaton Vance or your financial advisor.

Portfolio Holdings. Each Eaton Vance Fund and its underlying Portfolio(s) (if applicable) will file a schedule of portfolio holdings on Form N-Q with the SEC for the first and third quarters of each fiscal year. The Form N-Q will be available on the Eaton Vance website at www.eatonvance.com, by calling Eaton Vance at 1-800-262-1122 or in the EDGAR database on the SEC's website at www.sec.gov. Form N-Q may also be reviewed and copied at the SEC's public reference room in Washington, D.C. (call 1-800-732-0330 for information on the operation of the public reference room).

Proxy Voting. From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds' and Portfolios' Boards. You may obtain a description of these policies and procedures and information on how the Funds or Portfolios voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge, upon request, by calling 1-800-262-1122 and by accessing the SEC's website at www.sec.gov.

Share Repurchase Program. The Fund's Board of Trustees has approved a share repurchase program authorizing the Fund to repurchase up to 10% of its outstanding common shares as of the approved date in open-market transactions at a discount to net asset value. The repurchase program does not obligate the Fund to purchase a specific amount of shares. The Fund's repurchase activity, including the number of shares purchased, average price and average discount to net asset value, is disclosed in the Fund's annual and semi-annual reports to shareholders.

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Additional Notice to Shareholders. If applicable, a Fund may also redeem or purchase its outstanding preferred shares in order to maintain compliance with regulatory requirements, borrowing or rating agency requirements or for other purposes as it deems appropriate or necessary.

Closed-End Fund Information. Eaton Vance closed-end funds make fund performance data and certain information about portfolio characteristics available on the Eaton Vance website shortly after the end of each month. Other information about the funds is available on the website. The funds' net asset value per share is readily accessible on the Eaton Vance website. Portfolio holdings for the most recent month-end are also posted to the website approximately 30 days following the end of the month. This information is available at www.eatonvance.com on the fund information pages under Individual Investors' Closed-End Funds.

Investment Adviser and Administrator

Eaton Vance Management

Two International Place

Boston, MA 02110

Custodian

State Street Bank and Trust Company

State Street Financial Center, One Lincoln Street

Boston, MA 02111

Transfer Agent

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

200 Berkeley Street

Boston, MA 02116-5022

Fund Offices

Two International Place

Boston, MA 02110

2897 10.31.14

Item 2. Code of Ethics

The registrant has adopted a code of ethics applicable to its Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-262-1122.

Item 3. Audit Committee Financial Expert

The registrant's Board has designated William H. Park, an independent trustee, as its audit committee financial expert. Mr. Park is a certified public accountant who is a consultant and private investor. Previously, he served as the Chief Financial Officer of Aveon Group, L.P. (an investment management firm), as the Vice Chairman of Commercial Industrial Finance Corp. (specialty finance company), as President and Chief Executive Officer of Prizm Capital Management, LLC (investment management firm), as Executive Vice President and Chief Financial Officer of United Asset Management Corporation (an institutional investment management firm) and as a Senior Manager at Price Waterhouse (now PricewaterhouseCoopers) (an independent registered public accounting firm).

Item 4. Principal Accountant Fees and Services**(a) (d)**

The following table presents the aggregate fees billed to the registrant for the registrant's fiscal years ended October 31, 2013 and October 31, 2014 by the registrant's principal accountant, Deloitte & Touche LLP ("D&T"), for professional services rendered for the audit of the registrant's annual financial statements and fees billed for other services rendered by D&T during such periods.

| Fiscal Years Ended | 10/31/13 | 10/31/14 |
|-----------------------------------|------------------|------------------|
| Audit Fees | \$ 73,170 | \$ 55,120 |
| Audit-Related Fees ⁽¹⁾ | \$ 0 | \$ 0 |
| Tax Fees ⁽²⁾ | \$ 12,040 | \$ 12,540 |
| All Other Fees ⁽³⁾ | \$ 0 | \$ 0 |
| Total | \$ 85,210 | \$ 67,660 |

- (1) Audit-related fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under the category of audit fees.
- (2) Tax fees consist of the aggregate fees billed for professional services rendered by the principal accountant relating to tax compliance, tax advice, and tax planning and specifically include fees for tax return preparation and other related tax compliance/planning matters.
- (3) All other fees consist of the aggregate fees billed for products and services provided by the principal accountant other than audit, audit-related, and tax services.
- (e)(1) The registrant's audit committee has adopted policies and procedures relating to the pre-approval of services provided by the registrant's principal accountant (the "Pre-Approval Policies"). The Pre-Approval Policies establish a framework intended to assist the audit committee in the proper discharge of its pre-approval responsibilities. As a general matter, the Pre-Approval Policies (i) specify certain types of audit, audit-related, tax, and other services determined to be pre-approved by the audit committee; and (ii) delineate specific procedures governing the mechanics of the pre-approval process, including the approval and monitoring of audit and non-audit service fees. Unless a service is specifically pre-approved under the Pre-Approval Policies, it must be separately pre-approved by the audit committee.

The Pre-Approval Policies and the types of audit and non-audit services pre-approved therein must be reviewed and ratified by the registrant's audit committee at least annually. The registrant's audit committee maintains full responsibility for the appointment, compensation, and oversight of the work of the registrant's principal accountant.

- (e)(2) No services described in paragraphs (b)-(d) above were approved by the registrant's audit committee pursuant to the de minimis exception set forth in Rule 2-01 (c)(7)(i)(C) of Regulation S-X.

(f) Not applicable.

(g) The following table presents (i) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the registrant by D&T for the registrant's fiscal years ended October 31, 2013 and October 31, 2014; and (ii) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the Eaton Vance organization by D&T for the same time periods.

| Fiscal Years Ended | 10/31/13 | 10/31/14 |
|----------------------------------|-----------------|-----------------|
| Registrant | \$ 12,040 | \$ 12,540 |
| Eaton Vance⁽¹⁾ | \$ 526,385 | \$ 99,750 |

(1) The investment adviser to the registrant, as well as any of its affiliates that provide ongoing services to the registrant, are subsidiaries of Eaton Vance Corp.

(h) The registrant's audit committee has considered whether the provision by the registrant's principal accountant of non-audit services to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant that were not pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934, as amended. William H. Park (Chair), Scott E. Eston, Ronald A. Pearlman, Helen Frame Peters and Ralph F. Verni are the members of the registrant's audit committee.

Item 6. Schedule of Investments

Please see schedule of investments contained in the Report to Stockholders included under Item 1 of this Form N-CSR.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

The Board of Trustees of the Trust has adopted a proxy voting policy and procedure (the "Fund Policy"), pursuant to which the Trustees have delegated proxy voting responsibility to the Fund's investment adviser and adopted the investment adviser's proxy voting policies and procedures (the "Policies") which are described below. The Trustees will review the Fund's proxy voting records from time to time and will annually consider approving the Policies for the upcoming year. In the event that a conflict of interest arises between the Fund's shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund, the investment adviser will generally refrain from voting the proxies related to the companies giving rise to such conflict until it consults with the Board's Special Committee except as contemplated under the Fund Policy. The Board's Special Committee will instruct the investment adviser on the appropriate course of action.

The Policies are designed to promote accountability of a company's management to its shareholders and to align the interests of management with those shareholders. An independent proxy voting service ("Agent"), currently Institutional Shareholder Services, Inc., has been retained to assist in the voting of

proxies through the provision of vote analysis, implementation and recordkeeping and disclosure services. The investment adviser will generally vote proxies through the Agent. The Agent is required to vote all proxies and/or refer them back to the investment adviser pursuant to the Policies. It is generally the policy of the investment adviser to vote in accordance with the recommendation of the Agent. The Agent shall refer to the investment adviser proxies relating to mergers and restructurings, and the disposition of assets, termination, liquidation and mergers contained in mutual fund proxies. The investment adviser will normally vote against anti-takeover measures and other proposals designed to limit the ability of shareholders to act on possible transactions, except in the case of closed-end management investment companies. The investment adviser generally supports management on social and environmental proposals. The investment adviser may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweighs the benefits derived from exercising the right to vote or the economic effect on shareholders interests or the value of the portfolio holding is indeterminable or insignificant.

In addition, the investment adviser will monitor situations that may result in a conflict of interest between the Fund's shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund by maintaining a list of significant existing and prospective corporate clients. The investment adviser's personnel responsible for reviewing and voting proxies on behalf of the Fund will report any proxy received or expected to be received from a company included on that list to the personnel of the investment adviser identified in the Policies. If such personnel expects to instruct the Agent to vote such proxies in a manner inconsistent with the guidelines of the Policies or the recommendation of the Agent, the personnel will consult with members of senior management of the investment adviser to determine if a material conflict of interests exists. If it is determined that a material conflict does exist, the investment adviser will seek instruction on how to vote from the Special Committee.

Information on how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available (1) without charge, upon request, by calling 1-800-262-1122, and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

Michael A. Allison and Walter A. Row, III and other Eaton Vance Management (EVM or Eaton Vance) investment professionals comprise the investment team responsible for the overall and day-to-day management of the Fund's investments. Mr. Allison has been an EVM portfolio manager since 2006 and is a member of EVM's Equity Strategy Committee. Mr. Row has been an EVM portfolio manager since 2004, is the Director of Structured Equity Portfolios at EVM and is a member of EVM's Equity Strategy Committee. Messrs. Allison and Row are Vice Presidents of EVM. This information is provided as of the date of filing of this report.

The following table shows, as of the Fund's most recent fiscal year end, the number of accounts each portfolio manager managed in each of the listed categories and the total assets (in millions of dollars) in the accounts managed within each category. The table also shows the number of accounts with respect to which the advisory fee is based on the performance of the account, if any, and the total assets (in millions of dollars) in those accounts.

| | Number of All Accounts | Total Assets of All Accounts | Number of Accounts Paying a Performance Fee | Total Assets of Accounts Paying a Performance Fee |
|----------------------------------|---------------------------|------------------------------------|---|--|
| Michael A. Allison(1) | | | | |
| Registered Investment Companies | 12 | \$ 22,021.4 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 14 | \$ 9,172.7(2) | 0 | \$ 0 |
| Other Accounts | 0 | \$ 0 | 0 | \$ 0 |
| Walter A. Row, III | | | | |
| Registered Investment Companies | 14 | \$ 14,554.8 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 0 | \$ 0 | 0 | \$ 0 |
| Other Accounts | 2 | \$ 3.5 | 0 | \$ 0 |

- (1) This portfolio manager serves as portfolio manager of one or more registered investment companies that invests or may invest in one or more underlying registered investment companies in the Eaton Vance family of funds or other pooled investment vehicles sponsored by Eaton Vance. The underlying investment companies may be managed by this portfolio manager or another portfolio manager.
- (2) Certain of these Other Pooled Investment Vehicles invest a substantial portion of their assets either in a registered investment company or in a separate pooled investment vehicle managed by this portfolio manager or another Eaton Vance portfolio manager.

The following table shows the dollar range of Fund shares beneficially owned by each portfolio manager as of the Fund's most recent fiscal year end.

| Portfolio Manager | Dollar Range of Equity | Securities Owned in the Fund |
|--------------------|---------------------------|------------------------------------|
| Michael A. Allison | \$ 50,001 - \$100,000 | |
| Walter A. Row, III | \$ 10,001 - \$50,000 | |

Potential for Conflicts of Interest. It is possible that conflicts of interest may arise in connection with a portfolio manager's management of the Fund's investments on the one hand and investments of other accounts for which a portfolio manager is responsible on the other. For example, a portfolio manager may have conflicts of interest in allocating management time, resources and investment opportunities among the Fund and other accounts he or she advises. In addition, due to differences in the investment strategies or restrictions between the Fund and the other accounts, a portfolio manager may take action with respect to another account that differs from the action taken with

respect to the Fund. In some cases, another account managed by a portfolio manager may compensate the investment adviser based on the performance of the securities held by that account. The existence of such a performance based fee may create additional conflicts of interest for a portfolio manager in the allocation of management time, resources and investment opportunities. Whenever conflicts of interest arise, a portfolio manager will endeavor to exercise his or her discretion in a manner that he or she believes is equitable to all interested persons. EVM has adopted several policies and procedures designed to address these

potential conflicts including a code of ethics and policies which govern the investment adviser's trading practices, including among other things the aggregation and allocation of trades among clients, brokerage allocation, cross trades and best execution.

Compensation Structure for EVM

Compensation of EVM's portfolio managers and other investment professionals has three primary components: (1) a base salary, (2) an annual cash bonus, and (3) annual stock-based compensation consisting of options to purchase shares of EVC's nonvoting common stock and/or restricted shares of EVC's nonvoting common stock. EVM's investment professionals also receive certain retirement, insurance and other benefits that are broadly available to EVM's employees. Compensation of EVM's investment professionals is reviewed primarily on an annual basis. Cash bonuses, stock-based compensation awards, and adjustments in base salary are typically paid or put into effect at or shortly after the October 31st fiscal year end of EVC.

Method to Determine Compensation. EVM compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the total return performance of managed funds and accounts versus the benchmark(s) stated in the prospectus, as well as an appropriate peer group (as described below). In addition to rankings within peer groups of funds on the basis of absolute performance, consideration may also be given to relative risk-adjusted performance. Risk-adjusted performance measures include, but are not limited to, the Sharpe Ratio. Performance is normally based on periods ending on the September 30th preceding fiscal year end. Fund performance is normally evaluated primarily versus peer groups of funds as determined by Lipper Inc. and/or Morningstar, Inc. When a fund's peer group as determined by Lipper or Morningstar is deemed by EVM's management not to provide a fair comparison, performance may instead be evaluated primarily against a custom peer group or market index. In evaluating the performance of a fund and its manager, primary emphasis is normally placed on three-year performance, with secondary consideration of performance over longer and shorter periods. For funds that are tax-managed or otherwise have an objective of after-tax returns, performance is measured net of taxes. For other funds, performance is evaluated on a pre-tax basis. For funds with an investment objective other than total return (such as current income), consideration will also be given to the fund's success in achieving its objective. For managers responsible for multiple funds and accounts, investment performance is evaluated on an aggregate basis, based on averages or weighted averages among managed funds and accounts. Funds and accounts that have performance-based advisory fees are not accorded disproportionate weightings in measuring aggregate portfolio manager performance.

The compensation of portfolio managers with other job responsibilities (such as heading an investment group or providing analytical support to other portfolios) will include consideration of the scope of such responsibilities and the managers' performance in meeting them.

EVM seeks to compensate portfolio managers commensurate with their responsibilities and performance, and competitive with other firms within the investment management industry. EVM participates in investment-industry compensation surveys and utilizes survey data as a factor in determining salary, bonus and stock-based compensation levels for portfolio managers and other investment professionals. Salaries, bonuses and stock-based compensation are also influenced by the operating performance of EVM and its parent company. The overall annual cash bonus pool is based on a substantially fixed percentage of pre-bonus operating income. While the salaries of EVM's portfolio managers are comparatively fixed, cash bonuses and stock-based compensation may fluctuate significantly from year to year, based on changes in manager performance and other factors as described herein. For a high performing portfolio manager, cash bonuses and stock-based compensation may represent a substantial portion of total compensation.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

REGISTRANT PURCHASES OF EQUITY SECURITIES

| Period* | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs | Maximum Number of Shares that May Yet Be Purchased Under the Programs |
|----------------|----------------------------------|------------------------------|---|---|
| November 2013 | 25,000 | \$ 10.78 | 25,000 | 14,809,252 |
| December 2013 | 115,000 | \$ 10.73 | 115,000 | 14,694,252 |
| January 2014 | | | | 14,694,252 |
| February 2014 | | | | 14,694,252 |
| March 2014 | | | | 14,694,252 |
| April 2014 | | | | 14,694,252 |
| May 2014 | | | | 14,694,252 |
| June 2014 | | | | 14,694,252 |
| July 2014 | | | | 14,694,252 |
| August 2014 | | | | 14,694,252 |
| September 2014 | | | | 14,694,252 |
| October 2014 | | | | 14,694,252 |
| Total | 140,000 | \$ 10.74 | 140,000 | |

* On August 6, 2012, the Fund's Board of Trustees approved a share repurchase program authorizing the Fund to repurchase up to 10% of its then currently outstanding common shares in open-market transactions at a discount to net asset value. The repurchase program was announced on August 8, 2012. On September 30, 2013, the Fund's Board of Trustees approved the continuation of the Fund's share repurchase program and authorized the Fund to repurchase up to 10% of its common shares outstanding as of September 30, 2013 in open market transactions at a discount to net asset value. The terms of the reauthorization increased the number of shares available for repurchase.

Item 10. Submission of Matters to a Vote of Security Holders

No material changes.

Item 11. Controls and Procedures

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting 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.

Item 12. Exhibits

- (a)(1) Registrant's Code of Ethics Not applicable (please see Item 2).
- (a)(2)(i) Treasurer's Section 302 certification.
- (a)(2)(ii) President's Section 302 certification.
- (b) Combined Section 906 certification.
- (c) Registrant's notices to shareholders pursuant to Registrant's exemptive order granting an exemption from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder regarding distributions paid pursuant to the Registrant's Managed Distribution Plan.

Signatures

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.

Eaton Vance Tax-Managed Diversified Equity Income Fund

By: /s/ Walter A. Row, III
Walter A. Row, III
President

Date: December 11, 2014

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/ James F. Kirchner
James F. Kirchner
Treasurer

Date: December 11, 2014

By: /s/ Walter A. Row, III
Walter A. Row, III
President

Date: December 11, 2014