

# Eaton Vance Tax-Managed Diversified Equity Income Fund (ETY)

Annual Report  
October 31, 2018

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**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.**

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Management's Discussion of Fund Performance<sup>1</sup>

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#### Economic and Market Conditions

Despite a late pullback, U.S. stock indexes recorded solid gains for the 12-month period ended October 31, 2018.

U.S. stocks opened the period on an upswing, as investors anticipated and then cheered passage of the Republican tax reform package in December 2017. Sharp cuts in corporate taxes, a key element of the bill, raised corporate-profit expectations. Stocks also got a boost from positive U.S. economic data, including the unemployment rate which fell to a 17-year low.

Stocks pulled back in February 2018 amid fears that rising rates would spur inflation and boost the appeal of fixed-income investments at the expense of stocks. After a brief rebound, equity markets weakened in the spring of 2018, as investors confronted the prospect of a global trade war due to President Trump's imposition of broad new tariffs. The tariffs drew retaliatory actions from impacted countries including China, Canada, and certain countries in the European Union.

Stocks bounced back during the summer months led by technology stocks, following an earlier setback from a wave of data-privacy scandals. Markets plunged in the final month of the period amid concerns of rising commodity prices due to tariffs on imports. In addition, China's economic slowdown, uncertainty about the U.S. midterm elections, and the potential impact of higher interest rates helped drive stocks into a sharp retreat. Interest-rate worries mounted after four interest rate hikes by the U.S. Federal Reserve during the period, as economic data remained largely positive.

Boosted by substantial gains over the prior 11 months, major U.S. stock indexes finished the period higher despite the late pullback. The blue-chip Dow Jones Industrial Average<sup>®2</sup> advanced 9.87%, while the broader U.S. equity market, as represented by the S&P 500<sup>®</sup> Index, rose 7.35%. The technology-laden NASDAQ Composite Index advanced 9.74% during the period. Large-cap U.S. stocks as measured by the S&P 500<sup>®</sup> Index generally outperformed their small-cap counterparts as measured by the Russell 2000<sup>®</sup> Index during the period. Growth stocks as a group outpaced value stocks in both the large- and small-cap categories, as measured by the Russell growth and value indexes.

#### Fund Performance

For the 12-month period ended October 31, 2018, Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund) had a total return of 7.75% at net asset value (NAV), outperforming the 7.35% return of the Fund's primary benchmark, the S&P 500<sup>®</sup> Index (the Index), and the 3.16%

return of the Fund's secondary benchmark, the Cboe S&P 500 BuyWrite Index<sup>SM</sup>.

Within the Fund's common stock portfolio, security selection in the information technology (IT), energy, and consumer discretionary sectors contributed to performance versus the Index. In IT, the Fund's out-of-Index holding in GoDaddy, Inc. (GoDaddy), an Internet domain name registrar and web-hosting company, helped relative results. International expansion, along with successful execution of the firm's strategy to grow revenue per-user by upselling its expanded product suite, propelled GoDaddy's stock price upward during the period.

The Fund's overweight position, relative to the Index, in NIKE, Inc. (NIKE), the world's largest seller of athletic footwear and apparel, contributed to performance versus the Index in consumer discretionary. Largely as a result of stronger sales in North America, NIKE's stock rose during the period on improvements in revenue growth and profit margins.

In contrast, the Fund's options strategy was the largest 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 Fund performance versus the Index during periods of market strength. As the market trended upward for much of the period, the Fund's writing of S&P 500<sup>®</sup> Index call options detracted from performance versus the Index, as premium income was relatively low and short calls overall ended in losses.

In the Fund's common stock portfolio, security selection in the consumer staples and health care sectors detracted from performance versus the Index as well. Regulatory and competitive headwinds hurt the stock price of cigarette maker Altria Group, Inc. (Altria), which was part of the Fund's overweight position in consumer staples. E-cigarette makers took market share from Altria and other traditional cigarette firms during the period amid concerns that the U.S. Food and Drug Administration would move to restrict nicotine levels in cigarettes. Altria was sold during the period.

In the health care sector, the Fund's overweight holding in drug maker Celgene Corp. was hurt by the failure in late-stage trials of a drug under development for Crohn's disease. Celgene Corp. was sold during the period.

*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 include 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 or equal to 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](http://eatonvance.com).*

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Performance<sup>2</sup>

**Portfolio Manager** Michael A. Allison, CFA

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	11/30/2006	7.75%	9.31%	10.63%
Fund at Market Price	—	6.98	10.80	11.18
S&P 500® Index	—	7.35%	11.33%	13.23%
Cboe S&P 500 BuyWrite Index <sup>SM</sup>	—	3.16	7.02	7.79

### % Premium/Discount to NAV<sup>3</sup>

–3.37%

### Distributions<sup>4</sup>

Total Distributions per share for the period	\$1.012
Distribution Rate at NAV	8.53%
Distribution Rate at Market Price	8.83%

### Fund Profile

#### Sector Allocation (% of total investments)<sup>5</sup>

Information Technology	22.7%
Health Care	14.0
Financials	12.5
Communication Services	12.4
Consumer Discretionary	9.1
Industrials	8.6
Consumer Staples	6.3
Energy	6.1
Utilities	2.9
Materials	2.4
Real Estate	2.3

#### Top 10 Holdings (% of total investments)<sup>5</sup>

Microsoft Corp.	5.1%
Apple, Inc.	4.3
JPMorgan Chase & Co.	3.7
Johnson & Johnson	3.5
Verizon Communications, Inc.	3.3
Amazon.com, Inc.	3.1
Visa, Inc., Class A	2.8
Bank of America Corp.	2.8
Home Depot, Inc. (The)	2.6
Exxon Mobil Corp.	2.4
Total	33.6%

See Endnotes and Additional Disclosures in this report.

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# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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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.

<b>Options Strategy</b>	Write Index Covered Calls
<b>Equity Benchmark<sup>2</sup></b>	S&P 500® Index
<b>Morningstar Category</b>	Option Writing
<b>Distribution Frequency</b>	Monthly
<b>Common Stock Portfolio</b>	
<b>Positions Held</b>	50
<b>% US / Non-US</b>	100.0/0.0
<b>Average Market Cap</b>	\$232.7 Billion
<b>Call Options Written</b>	
<b>% of Stock Portfolio</b>	48%
<b>Average Days to Expiration</b>	15 days
<b>% Out of the Money</b>	4.4%

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.

**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.

**Out of the Money:** For a call option on an index, the extent to which the exercise price of the option exceeds the current price of the value of the index.

See Endnotes and Additional Disclosures in this report.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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### Endnotes and Additional Disclosures

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<sup>1</sup> 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.

<sup>2</sup> Dow Jones Industrial Average<sup>®</sup> is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. S&P 500<sup>®</sup> Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance. NASDAQ Composite Index is a market capitalization-weighted index of all domestic and international securities listed on NASDAQ. Source: Nasdaq, Inc. The information is provided by Nasdaq (with its affiliates, are referred to as the “Corporations”) and Nasdaq’s third party licensors on an “as is” basis and the Corporations make no guarantees and bear no liability of any kind with respect to the information or the Fund. Russell 2000<sup>®</sup> Index is an unmanaged index of 2,000 U.S. small-cap stocks. Cboe S&P 500 BuyWrite Index<sup>SM</sup> measures the performance of a hypothetical buy-write strategy on the S&P 500<sup>®</sup> 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.

<sup>3</sup> 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>.

<sup>4</sup> 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](http://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](http://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. Fund distributions may be affected by numerous factors including changes in Fund performance, the cost of financing for leverage, portfolio holdings, realized and projected returns, and other factors. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.

<sup>5</sup> 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.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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### Portfolio of Investments

Common Stocks — 99.7%

Security	Shares	Value
<b>Aerospace &amp; Defense — 1.5%</b>		
Raytheon Co.	149,465	\$ 26,162,354
		<b>\$ 26,162,354</b>
<b>Air Freight &amp; Logistics — 2.0%</b>		
FedEx Corp. <sup>(1)</sup>	157,817	\$ 34,773,398
		<b>\$ 34,773,398</b>
<b>Auto Components — 2.0%</b>		
Aptiv PLC <sup>(1)</sup>	455,601	\$ 34,990,157
		<b>\$ 34,990,157</b>
<b>Banks — 6.5%</b>		
Bank of America Corp. <sup>(1)</sup>	1,839,080	\$ 50,574,700
JPMorgan Chase & Co. <sup>(1)</sup>	601,093	65,531,159
		<b>\$ 116,105,859</b>
<b>Beverages — 4.5%</b>		
Constellation Brands, Inc., Class A <sup>(1)</sup>	196,861	\$ 39,220,617
PepsiCo, Inc. <sup>(1)</sup>	359,036	40,348,466
		<b>\$ 79,569,083</b>
<b>Biotechnology — 3.0%</b>		
Gilead Sciences, Inc. <sup>(1)</sup>	397,924	\$ 27,130,458
Vertex Pharmaceuticals, Inc. <sup>(2)</sup>	152,490	25,840,956
		<b>\$ 52,971,414</b>
<b>Capital Markets — 1.7%</b>		
Charles Schwab Corp. (The) <sup>(1)</sup>	665,341	\$ 30,765,368
		<b>\$ 30,765,368</b>
<b>Chemicals — 1.0%</b>		
DowDuPont, Inc.	318,932	\$ 17,196,813
		<b>\$ 17,196,813</b>
<b>Consumer Finance — 1.8%</b>		
American Express Co. <sup>(1)</sup>	318,386	\$ 32,707,794
		<b>\$ 32,707,794</b>
<b>Containers &amp; Packaging — 1.4%</b>		
Ball Corp.	560,284	\$ 25,100,723
		<b>\$ 25,100,723</b>

Security	Shares	Value
<b>Diversified Telecommunication Services — 4.6%</b>		
Verizon Communications, Inc. <sup>(1)</sup>	1,027,640	\$ 58,667,968
Zayo Group Holdings, Inc. <sup>(2)</sup>	772,931	23,095,178
		<b>\$ 81,763,146</b>
<b>Electric Utilities — 1.6%</b>		
NextEra Energy, Inc. <sup>(1)</sup>	165,944	\$ 28,625,340
		<b>\$ 28,625,340</b>
<b>Electronic Equipment, Instruments &amp; Components — 2.1%</b>		
Corning, Inc. <sup>(1)</sup>	1,167,529	\$ 37,302,552
		<b>\$ 37,302,552</b>
<b>Entertainment — 5.8%</b>		
Live Nation Entertainment, Inc. <sup>(1)(2)</sup>	652,183	\$ 34,109,171
Spotify Technology SA <sup>(2)</sup>	175,183	26,223,143
Walt Disney Co. (The) <sup>(1)</sup>	368,955	42,367,103
		<b>\$ 102,699,417</b>
<b>Equity Real Estate Investment Trusts (REITs) — 2.3%</b>		
American Tower Corp.	160,837	\$ 25,060,013
AvalonBay Communities, Inc.	91,651	16,073,752
		<b>\$ 41,133,765</b>
<b>Food Products — 1.8%</b>		
Mondelez International, Inc., Class A	766,816	\$ 32,190,936
		<b>\$ 32,190,936</b>
<b>Health Care Equipment &amp; Supplies — 4.5%</b>		
Abbott Laboratories <sup>(1)</sup>	525,307	\$ 36,214,664
Danaher Corp. <sup>(1)</sup>	434,094	43,148,944
		<b>\$ 79,363,608</b>
<b>Health Care Providers &amp; Services — 1.3%</b>		
Aetna, Inc.	117,980	\$ 23,407,232
		<b>\$ 23,407,232</b>
<b>Insurance — 2.5%</b>		
American Financial Group, Inc.	257,783	\$ 25,786,033
American International Group, Inc.	431,848	17,831,004
		<b>\$ 43,617,037</b>



# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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### Portfolio of Investments — continued

Security	Shares	Value
<b>Interactive Media &amp; Services — 2.1%</b>		
Alphabet, Inc., Class C <sup>(1)(2)</sup>	34,833	\$ 37,507,129
		<b>\$ 37,507,129</b>
<b>Internet &amp; Direct Marketing Retail — 3.1%</b>		
Amazon.com, Inc. <sup>(1)(2)</sup>	34,246	\$ 54,725,450
		<b>\$ 54,725,450</b>
<b>IT Services — 5.9%</b>		
Akamai Technologies, Inc. <sup>(2)</sup>	364,663	\$ 26,346,902
GoDaddy, Inc., Class A <sup>(2)</sup>	370,674	27,122,216
Visa, Inc., Class A <sup>(1)</sup>	367,832	50,705,641
		<b>\$ 104,174,759</b>
<b>Machinery — 3.7%</b>		
Caterpillar, Inc.	271,274	\$ 32,910,962
Fortive Corp. <sup>(1)</sup>	454,353	33,735,710
		<b>\$ 66,646,672</b>
<b>Multi-Utilities — 1.3%</b>		
Sempra Energy	208,821	\$ 22,995,368
		<b>\$ 22,995,368</b>
<b>Oil, Gas &amp; Consumable Fuels — 6.1%</b>		
ConocoPhillips	372,278	\$ 26,022,232
EOG Resources, Inc.	207,326	21,839,721
Exxon Mobil Corp. <sup>(1)</sup>	546,955	43,581,375
Phillips 66	161,754	16,631,546
		<b>\$ 108,074,874</b>
<b>Pharmaceuticals — 5.3%</b>		
Johnson & Johnson <sup>(1)</sup>	449,647	\$ 62,946,084
Zoetis, Inc. <sup>(1)</sup>	345,609	31,156,651
		<b>\$ 94,102,735</b>
<b>Road &amp; Rail — 1.5%</b>		
CSX Corp. <sup>(1)</sup>	383,760	\$ 26,425,714
		<b>\$ 26,425,714</b>
<b>Semiconductors &amp; Semiconductor Equipment — 3.3%</b>		
QUALCOMM, Inc. <sup>(1)</sup>	555,288	\$ 34,922,062
Skyworks Solutions, Inc.	280,622	24,346,765
		<b>\$ 59,268,827</b>

Security	Shares	Value
<b>Software — 5.1%</b>		
Microsoft Corp. <sup>(1)</sup>	846,401	\$ 90,404,091
		<b>\$ 90,404,091</b>
<b>Specialty Retail — 2.6%</b>		
Home Depot, Inc. (The) <sup>(1)</sup>	264,071	\$ 46,444,807
		<b>\$ 46,444,807</b>
<b>Technology Hardware, Storage &amp; Peripherals — 6.4%</b>		
Apple, Inc. <sup>(1)</sup>	351,094	\$ 76,840,433
Xerox Corp. <sup>(1)</sup>	1,316,598	36,693,586
		<b>\$ 113,534,019</b>
<b>Textiles, Apparel &amp; Luxury Goods — 1.4%</b>		
NIKE, Inc., Class B <sup>(1)</sup>	337,807	\$ 25,349,037
		<b>\$ 25,349,037</b>
<b>Total Common Stocks</b> (identified cost \$1,380,667,977)		<b>\$1,770,099,478</b>
<b>Short-Term Investments — 0.7%</b>		
<b>Description</b>	<b>Units</b>	<b>Value</b>
Eaton Vance Cash Reserves Fund, LLC, 2.28% <sup>(3)</sup>	12,204,950	\$ 12,203,730
<b>Total Short-Term Investments</b> (identified cost \$12,204,124)		<b>\$ 12,203,730</b>
<b>Total Investments — 100.4%</b> (identified cost \$1,392,872,101)		<b>\$1,782,303,208</b>
<b>Total Written Call Options — (0.2)%</b> (premiums received \$7,166,458)		<b>\$ (3,280,825)</b>
<b>Other Assets, Less Liabilities — (0.2)%</b>		<b>\$ (3,467,724)</b>
<b>Net Assets — 100.0%</b>		<b>\$1,775,554,659</b>

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

<sup>(1)</sup> Security (or a portion thereof) has been pledged as collateral for written options.

<sup>(2)</sup> Non-income producing security.

<sup>(3)</sup> 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, 2018.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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### Portfolio of Investments — continued

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Written Call Options — (0.2)%

Exchange-Traded Options — (0.2)%

Description	Number of Contracts	Notional Amount	Exercise Price	Expiration Date	Value
S&P 500 Index	260	\$70,505,240	\$2,925	11/2/18	\$ (650)
S&P 500 Index	260	70,505,240	2,915	11/5/18	(1,950)
S&P 500 Index	265	71,861,110	2,895	11/7/18	(5,300)
S&P 500 Index	255	69,149,370	2,850	11/9/18	(24,225)
S&P 500 Index	260	70,505,240	2,825	11/12/18	(76,700)
S&P 500 Index	260	70,505,240	2,850	11/14/18	(54,600)
S&P 500 Index	260	70,505,240	2,850	11/16/18	(75,400)
S&P 500 Index	260	70,505,240	2,825	11/19/18	(159,900)
S&P 500 Index	260	70,505,240	2,800	11/21/18	(325,000)
S&P 500 Index	260	70,505,240	2,725	11/23/18	(1,115,400)
S&P 500 Index	260	70,505,240	2,750	11/26/18	(826,800)
S&P 500 Index	260	70,505,240	2,775	11/28/18	(614,900)
<b>Total</b>					<b>\$(3,280,825)</b>

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

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### Statement of Assets and Liabilities

Assets	October 31, 2018
Unaffiliated investments, at value (identified cost, \$1,380,667,977)	\$1,770,099,478
Affiliated investment, at value (identified cost, \$12,204,124)	12,203,730
Dividends receivable	1,368,032
Dividends receivable from affiliated investment	38,481
Receivable for investments sold	8,301,886
Receivable for premiums on written options	683,346
Tax reclaims receivable	222,600
<b>Total assets</b>	<b>\$1,792,917,553</b>

Liabilities	
Written options outstanding, at value (premiums received, \$7,166,458)	\$ 3,280,825
Payable for investments purchased	12,148,892
Payable to affiliates:	
Investment adviser fee	1,550,193
Trustees' fees	6,571
Accrued expenses	376,413
<b>Total liabilities</b>	<b>\$ 17,362,894</b>
<b>Net Assets</b>	<b>\$1,775,554,659</b>

Sources of Net Assets	
Common shares, \$0.01 par value, unlimited number of shares authorized, 149,748,124 shares issued and outstanding	\$ 1,497,481
Additional paid-in capital	1,387,752,850
Distributable earnings	386,304,328
<b>Net Assets</b>	<b>\$1,775,554,659</b>

Net Asset Value	
<b>(\$1,775,554,659 ÷ 149,748,124 common shares issued and outstanding)</b>	<b>\$ 11.86</b>

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Statement of Operations

	Year Ended October 31, 2018
<b>Investment Income</b>	
Dividends (net of foreign taxes, \$27,409)	\$ 31,535,306
Dividends from affiliated investment	405,209
<b>Total investment income</b>	<b>\$ 31,940,515</b>
<b>Expenses</b>	
Investment adviser fee	\$ 18,362,407
Trustees' fees and expenses	76,882
Custodian fee	424,939
Transfer and dividend disbursing agent fees	18,110
Legal and accounting services	92,765
Printing and postage	587,935
Miscellaneous	145,597
<b>Total expenses</b>	<b>\$ 19,708,635</b>
<b>Net investment income</b>	<b>\$ 12,231,880</b>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss) —	
Investment transactions	\$114,619,069
Investment transactions — affiliated investment	(2,070)
Written options	(44,262,371)
Foreign currency transactions	20,957
<b>Net realized gain</b>	<b>\$ 70,375,585</b>
Change in unrealized appreciation (depreciation) —	
Investments	\$ 47,114,046
Investments — affiliated investment	(394)
Written options	5,491,832
Foreign currency	6,017
<b>Net change in unrealized appreciation (depreciation)</b>	<b>\$ 52,611,501</b>
<b>Net realized and unrealized gain</b>	<b>\$122,987,086</b>
<b>Net increase in net assets from operations</b>	<b>\$135,218,966</b>

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Year Ended October 31,	
	2018	2017
From operations —		
Net investment income	\$ 12,231,880	\$ 15,008,708
Net realized gain	70,375,585	101,600,621
Net change in unrealized appreciation (depreciation)	52,611,501	157,266,472
<b>Net increase in net assets from operations</b>	<b>\$ 135,218,966</b>	<b>\$ 273,875,801</b>
<b>Distributions to shareholders<sup>(1)</sup></b>	<b>\$ (84,779,086)</b>	<b>\$ (56,871,539)</b>
<b>Tax return of capital to shareholders</b>	<b>\$ (66,490,334)</b>	<b>\$ (94,306,234)</b>
Capital share transactions —		
Reinvestment of distributions	\$ 3,759,024	\$ —
<b>Net increase in net assets from capital share transactions</b>	<b>\$ 3,759,024</b>	<b>\$ —</b>
<b>Net increase (decrease) in net assets</b>	<b>\$ (12,291,430)</b>	<b>\$ 122,698,028</b>

### Net Assets

At beginning of year	\$1,787,846,089	\$1,665,148,061
<b>At end of year</b>	<b>\$1,775,554,659</b>	<b>\$1,787,846,089</b>

<sup>(1)</sup> For the year ended October 31, 2017, the source of distributions was as follows:

Net investment income — \$(14,295,004)

Net realized gain — \$(42,576,535)

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Financial Highlights

	Year Ended October 31,				
	2018	2017	2016	2015	2014
Net asset value — Beginning of year	\$ 11.960	\$ 11.140	\$ 12.010	\$ 12.340	\$ 11.870
<b>Income (Loss) From Operations</b>					
Net investment income <sup>(1)</sup>	\$ 0.082	\$ 0.100	\$ 0.119	\$ 0.211	\$ 0.324 <sup>(2)</sup>
Net realized and unrealized gain	0.830	1.732	0.023	0.471	1.157
<b>Total income from operations</b>	<b>\$ 0.912</b>	<b>\$ 1.832</b>	<b>\$ 0.142</b>	<b>\$ 0.682</b>	<b>\$ 1.481</b>
<b>Less Distributions</b>					
From net investment income	\$ (0.081)	\$ (0.096)	\$ (0.095)	\$ (0.212)	\$ (0.327)
From net realized gain	(0.486)	(0.285)	(0.071)	(0.800)	—
Tax return of capital	(0.445)	(0.631)	(0.846)	—	(0.685)
<b>Total distributions</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>
<b>Anti-dilutive effect of share repurchase program (see Note 5)<sup>(1)</sup></b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.001</b>
<b>Net asset value — End of year</b>	<b>\$ 11.860</b>	<b>\$ 11.960</b>	<b>\$ 11.140</b>	<b>\$ 12.010</b>	<b>\$ 12.340</b>
<b>Market value — End of year</b>	<b>\$ 11.460</b>	<b>\$ 11.640</b>	<b>\$ 10.290</b>	<b>\$ 11.310</b>	<b>\$ 11.710</b>
<b>Total Investment Return on Net Asset Value<sup>(3)</sup></b>	<b>7.75%</b>	<b>17.51%</b>	<b>1.98%</b>	<b>6.38%</b>	<b>13.64%</b>
<b>Total Investment Return on Market Value<sup>(3)</sup></b>	<b>6.98%</b>	<b>23.81%</b>	<b>0.04%</b>	<b>5.57%</b>	<b>19.41%</b>

### Ratios/Supplemental Data

Net assets, end of year (000's omitted)	\$1,775,555	\$1,787,846	\$1,665,148	\$1,795,490	\$1,844,442
Ratios (as a percentage of average daily net assets):					
Expenses <sup>(4)</sup>	1.07%	1.08%	1.08%	1.07%	1.08%
Net investment income	0.66%	0.86%	1.05%	1.72%	2.65% <sup>(2)</sup>
Portfolio Turnover	48%	75%	86%	85%	83%

<sup>(1)</sup> Computed using average shares outstanding.

<sup>(2)</sup> Net investment income per share includes 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%.

<sup>(3)</sup> 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.

<sup>(4)</sup> Excludes the effect of custody fee credits, if any, of less than 0.005%. Effective September 1, 2015, custody fee credits, which were earned on cash deposit balances, were discontinued by the custodian.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Notes to Financial Statements

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#### 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 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.

**Derivatives.** U.S. 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. Non U.S. exchange-traded options and 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.

**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). While Cash Reserves Fund is not a registered money market mutual fund, it conducts all of its investment activities in accordance with the requirements of Rule 2a-7 under the 1940 Act. Investments in Cash Reserves Fund are valued at the closing net asset value per unit on the valuation day. Cash Reserves Fund generally values 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, 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.

**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. In consideration of recent decisions rendered by European courts, the Fund has filed additional tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Due to the uncertainty as to the ultimate resolution of these proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment, no amounts are reflected in the financial statements for such outstanding reclaims.

**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, 2018, 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.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Notes to Financial Statements — continued

**E 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.

**F 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.

**G 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.

**H 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 exercise price of the option over the value of the index (in the case of a put) or the excess of the value of the index over the exercise 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.

### 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, 2018 and October 31, 2017 was as follows:

	Year Ended October 31,	
	2018	2017
<b>Distributions declared from:</b>		
Ordinary income	\$12,167,878	\$14,295,004
Long-term capital gains	\$72,611,208	\$42,576,535
Tax return of capital	\$66,490,334	\$94,306,234

During the year ended October 31, 2018, distributable earnings was decreased by \$7,888 and paid-in capital was increased by \$7,888 due to differences between book and tax accounting. These reclassifications had no effect on the net assets or net asset value per share of the Fund.

As of October 31, 2018, the components of distributable earnings (accumulated loss) on a tax basis were as follows:

Net unrealized appreciation	\$386,304,328
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# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Notes to Financial Statements — continued

The cost and unrealized appreciation (depreciation) of investments, including open derivative contracts, of the Fund at October 31, 2018, as determined on a federal income tax basis, were as follows:

<b>Aggregate cost</b>	<b>\$1,395,971,528</b>
Gross unrealized appreciation	\$ 411,162,591
Gross unrealized depreciation	(24,830,911)
<b>Net unrealized appreciation</b>	<b>\$ 386,331,680</b>

#### 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, 2018, the Fund's investment adviser fee amounted to \$18,362,407 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, 2018, 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 \$869,867,567 and \$1,029,775,600, respectively, for the year ended October 31, 2018.

#### 5 Common Shares of Beneficial Interest

The Fund may issue common shares pursuant to its dividend reinvestment plan. Common shares issued by the Fund pursuant to its dividend reinvestment plan for the year ended October 31, 2018 were 303,904. There were no common shares issued by the Fund for the year ended October 31, 2017.

The Board of Trustees of the Fund approved the continuation of the Fund's share repurchase program that has been in effect since August 6, 2012. Pursuant to the terms of the reauthorization of the program, the Fund may 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 (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. There were no repurchases of common shares by the Fund for the years ended October 31, 2018 and October 31, 2017.

#### 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 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 obligations under these financial instruments at October 31, 2018 is included in the Portfolio of Investments. At October 31, 2018, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. 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.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Notes to Financial Statements — continued

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, 2018 was as follows:

Derivative	Fair Value	
	Asset Derivative	Liability Derivative <sup>(1)</sup>
Written options	\$ —	\$(3,280,825)

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

The effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) on the Statement of Operations and whose primary underlying risk exposure is equity price risk for the year ended October 31, 2018 was as follows:

Derivative	Realized Gain (Loss) on Derivatives Recognized in Income <sup>(1)</sup>	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income <sup>(2)</sup>
Written options	\$(44,262,371)	\$5,491,832

<sup>(1)</sup> Statement of Operations location: Net realized gain (loss) – Written options.

<sup>(2)</sup> Statement of Operations location: Change in unrealized appreciation (depreciation) – Written options.

The average number of written options contracts outstanding during the year ended October 31, 2018, which is indicative of the volume of this derivative type, was 3,163 contracts.

### 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.

At October 31, 2018, 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	\$1,770,099,478*	\$ —	\$ —	\$1,770,099,478
Short-Term Investments	—	12,203,730	—	12,203,730
<b>Total Investments</b>	<b>\$1,770,099,478</b>	<b>\$12,203,730</b>	<b>\$ —</b>	<b>\$1,782,303,208</b>
Liability Description				
Written Call Options	\$ (3,280,825)	\$ —	\$ —	\$ (3,280,825)
<b>Total</b>	<b>\$ (3,280,825)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3,280,825)</b>

\* The level classification by major category of investments is the same as the category presentation in the Portfolio of Investments.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Report of Independent Registered Public Accounting Firm

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

#### Opinion on the Financial Statements and Financial Highlights

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, 2018, 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, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2018, and 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.

#### Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP  
Boston, Massachusetts  
December 14, 2018

We have served as the auditor of one or more Eaton Vance investment companies since 1959.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Federal Tax Information (Unaudited)

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The Form 1099-DIV you receive in February 2019 will show the tax status of all distributions paid to your account in calendar year 2018. 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, the dividends received deduction for corporations and capital gains dividends.

**Qualified Dividend Income.** For the fiscal year ended October 31, 2018, the Fund designates approximately \$28,325,910, 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 2018 ordinary income dividends, 100% qualifies for the corporate dividends received deduction.

**Capital Gains Dividends.** The Fund hereby designates as a capital gain dividend with respect to the taxable year ended October 31, 2018, \$72,611,208 or, if subsequently determined to be different, the net capital gain of such year.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Annual Meeting of Shareholders (Unaudited)

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The Fund held its Annual Meeting of Shareholders on August 16, 2018. The following action was taken by the shareholders:

**Item 1:** The election of Mark R. Fetting, Valerie A. Mosley and Helen Frame Peters as Class III Trustees of the Fund for a three-year term expiring in 2021.

Nominee for Trustee Elected by All Shareholders	Number of Shares	
	For	Withheld
Mark R. Fetting	138,884,056	2,470,196
Valerie A. Mosley	138,969,448	2,384,804
Helen Frame Peters	138,879,146	2,475,106

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Dividend Reinvestment Plan

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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, 2018

Application for Participation in Dividend Reinvestment Plan

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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

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### 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 174 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 <sup>(1)</sup>	Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience
<b>Interested Trustee</b>			
Thomas E. Faust Jr. 1958	Class I Trustee	Until 2019. 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 174 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. <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> Director of EVC and Hexavest Inc. (investment management firm).
<b>Noninterested Trustees</b>			
Mark R. Fetting 1954	Class III Trustee	Until 2021. Trustee since 2016.	Private investor. Formerly held various positions at Legg Mason, Inc. (investment management firm) (2000-2012), including President, Chief Executive Officer, Director and Chairman (2008-2012), Senior Executive Vice President (2004-2008) and Executive Vice President (2001-2004). Formerly, President of Legg Mason family of funds (2001-2008). Formerly, Division President and Senior Officer of Prudential Financial Group, Inc. and related companies (investment management firm) (1991-2000). <b>Directorships in the Last Five Years.</b> None.
Cynthia E. Frost 1961	Class I Trustee	Until 2019. Trustee since 2014.	Private investor. Formerly, Chief Investment Officer of Brown University (university endowment) (2000-2012). Formerly, Portfolio Strategist for Duke Management Company (university endowment manager) (1995-2000). Formerly, Managing Director, Cambridge Associates (investment consulting company) (1989-1995). Formerly, Consultant, Bain and Company (management consulting firm) (1987-1989). Formerly, Senior Equity Analyst, BA Investment Management Company (1983-1985). <b>Directorships in the Last Five Years.</b> None.
George J. Gorman 1952	Class II Trustee	Until 2020. Trustee since 2014.	Principal at George J. Gorman LLC (consulting firm). Formerly, Senior Partner at Ernst & Young LLP (a registered public accounting firm) (1974-2009). <b>Directorships in the Last Five Years.</b> Formerly, Trustee of the BofA Funds Series Trust (11 funds) (2011-2014) and of the Ashmore Funds (9 funds) (2010-2014).
Valerie A. Mosley 1960	Class III Trustee	Until 2021. Trustee since 2014.	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). <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> Director of Dynex Capital, Inc. (mortgage REIT) (since 2013).



# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Management and Organization — continued

Name and Year of Birth	Position(s) with the Fund	Term Expiring; Trustee Since <sup>(1)</sup>	Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience
<b>Noninterested Trustees (continued)</b>			
William H. Park 1947	Chairperson of the Board and Class II Trustee	Until 2020. Chairperson of the Board since 2016 and Trustee since 2003.	Private investor. Formerly, Consultant (management and transactional) (2012-2014). 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) (a registered public accounting firm) (1972-1981). <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> None.
Helen Frame Peters 1948	Class III Trustee	Until 2021. 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). <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> None.
Keith Quinton <sup>(3)</sup> 1958	Class II Trustee	Until 2020. Trustee since 2018.	Independent Investment Committee Member at New Hampshire Retirement System (since 2017). Advisory Committee member at Northfield Information Services, Inc. (risk management analytics provider) (since 2016). Formerly, Portfolio Manager and Senior Quantitative Analyst at Fidelity Investments (investment management firm) (2001-2014). <b>Directorships in the Last Five Years.</b> Director of New Hampshire Municipal Bond Bank (since 2016).
Marcus L. Smith <sup>(3)</sup> 1966	Class III Trustee	Until 2021. Trustee since 2018.	Member of Posse Boston Advisory Board (foundation) (since 2015); Trustee at University of Mount Union (since 2008). Formerly, Portfolio Manager at MFS Investment Management (investment management firm) (1994-2017). <b>Directorships in the Last Five Years.</b> Director of MSCI Inc. (global provider of investment decision support tools) (since 2017). Director of DCT Industrial Trust Inc. (logistics real estate company) (since 2017).
Susan J. Sutherland 1957	Class II Trustee	Until 2020. Trustee since 2015.	Private investor. Formerly, Associate, Counsel and Partner at Skadden, Arps, Slate, Meagher & Flom LLP (law firm) (1982-2013). <b>Directorships in the Last Five Years.</b> Formerly, Director of Montpelier Re Holdings Ltd. (global provider of customized insurance and reinsurance products) (2013-2015).
Harriett Tee Taggart 1948	Class II Trustee	Until 2020. 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). <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> 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).
Scott E. Wennerholm 1959	Class I Trustee	Until 2019. Trustee since 2016.	Trustee at Wheelock College (postsecondary institution) (since 2012). Formerly, Consultant at GF Parish Group (executive recruiting firm) (2016-2017). Formerly, Chief Operating Officer and Executive Vice President at BNY Mellon Asset Management (investment management firm) (2005-2011). Formerly, Chief Operating Officer and Chief Financial Officer at Natixis Global Asset Management (investment management firm) (1997-2004). Formerly, Vice President at Fidelity Investments Institutional Services (investment management firm) (1994-1997). <b>Directorships in the Last Five Years.</b> None.

# Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2018

### Management and Organization — continued

Name and Year of Birth	Position(s) with the Fund	Officer Since <sup>(4)</sup>	Principal Occupation(s) During Past Five Years
<b>Principal Officers who are not Trustees</b>			
Edward J. Perkin 1972	President	2014	Chief Equity Investment Officer and Vice President of EVM and BMR since 2014. Formerly, Chief Investment Officer, International and Emerging Markets Equity, and Managing Director, Portfolio Manager, Europe, EAFE and Global at Goldman Sachs Asset Management (2002-2014). Also Vice President of Calvert Research and Management ("CRM").
Maureen A. Gemma 1960	Vice President, Secretary and Chief Legal Officer	2005	Vice President of EVM and BMR. Also Vice President of CRM.
James F. Kirchner 1967	Treasurer	2007	Vice President of EVM and BMR. Also Vice President of CRM.
Richard F. Froio 1968	Chief Compliance Officer	2017	Vice President of EVM and BMR since 2017. Formerly Deputy Chief Compliance Officer (Adviser/Funds) and Chief Compliance Officer (Distribution) at PIMCO (2012-2017) and Managing Director at BlackRock/Barclays Global Investors (2009-2012).

<sup>(1)</sup> 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.

<sup>(2)</sup> During their respective tenures, the Trustees (except for Mmes. Frost and Sutherland and Messrs. Fetting, Gorman, Quinton, Smith and Wennerholm) 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); and eUnits™ 2 Year U.S. Market Participation Trust II: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014). 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).

<sup>(3)</sup> Messrs. Quinton and Smith began serving as Trustees effective October 1, 2018.

<sup>(4)</sup> 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.

## IMPORTANT NOTICES

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**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](http://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 (International) Limited, Eaton Vance Advisers International Ltd., 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. *American Stock Transfer & Trust Company, LLC (“AST”), the closed-end funds transfer agent, or your financial advisor, may household the mailing of your documents indefinitely unless you instruct AST, or your financial advisor, otherwise.* If you would prefer that your Eaton Vance documents not be househanded, please contact AST or your financial advisor. Your instructions that householding not apply to delivery of your Eaton Vance documents will typically be effective within 30 days of receipt by AST 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](http://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](http://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](http://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.

**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](http://www.eatonvance.com) on the fund information pages under “Individual Investors — Closed-End Funds”.

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[Investment Adviser and Administrator](#)

**Eaton Vance Management**

Two International Place  
Boston, MA 02110

[Independent Registered Public Accounting Firm](#)

**Deloitte & Touche LLP**

200 Berkeley Street  
Boston, MA 02116-5022

[Custodian](#)

**State Street Bank and Trust Company**

State Street Financial Center, One Lincoln Street  
Boston, MA 02111

[Fund Offices](#)

Two International Place  
Boston, MA 02110

[Transfer Agent](#)

**American Stock Transfer & Trust Company, LLC**

6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219



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E|V|M

PARAMETRIC

ATLANTA  
CAPITAL

HEXAVEST

Calvert