

Eaton Vance Tax-Managed Diversified Equity Income Fund
Form N-Q
September 28, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-Q

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

811-21832

Investment Company Act File Number

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, Including Area Code)

October 31

Date of Fiscal Year End

July 31, 2016

Date of Reporting Period

Item 1. Schedule of Investments

Eaton Vance**Tax-Managed Diversified Equity Income Fund**

July 31, 2016

PORTFOLIO OF INVESTMENTS (Unaudited)**Common Stocks 100.1%**

| Security | Shares | Value |
|--|-----------|----------------------|
| Aerospace & Defense 2.0% | | |
| United Technologies Corp. | 317,343 | \$ 34,161,974 |
| | | \$ 34,161,974 |
| Air Freight & Logistics 1.0% | | |
| C.H. Robinson Worldwide, Inc. | 244,014 | \$ 16,988,255 |
| | | \$ 16,988,255 |
| Banks 5.6% | | |
| JPMorgan Chase & Co. | 611,155 | \$ 39,095,585 |
| PNC Financial Services Group, Inc. (The) | 240,624 | 19,887,574 |
| Wells Fargo & Co. | 764,045 | 36,651,239 |
| | | \$ 95,634,398 |
| Beverages 1.2% | | |
| Constellation Brands, Inc., Class A | 127,659 | \$ 21,016,501 |
| | | \$ 21,016,501 |
| Biotechnology 1.6% | | |
| Celgene Corp. ⁽¹⁾ | 238,885 | \$ 26,800,508 |
| | | \$ 26,800,508 |
| Capital Markets 3.3% | | |
| Charles Schwab Corp. (The) | 1,215,023 | \$ 34,530,954 |
| Goldman Sachs Group, Inc. (The) | 142,610 | 22,647,894 |
| | | \$ 57,178,848 |
| Chemicals 1.4% | | |
| PPG Industries, Inc. | 224,981 | \$ 23,557,760 |
| | | \$ 23,557,760 |
| Communications Equipment 1.4% | | |
| Cisco Systems, Inc. | 765,419 | \$ 23,368,242 |
| | | \$ 23,368,242 |

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Containers & Packaging 1.1%

| | | | |
|-------------------------|---------|----|-------------------|
| International Paper Co. | 431,937 | \$ | 19,787,034 |
| | | \$ | 19,787,034 |

Distributors 1.1%

| | | | |
|--------------------------|---------|----|-------------------|
| LKQ Corp. ⁽¹⁾ | 545,416 | \$ | 18,756,856 |
| | | \$ | 18,756,856 |

Diversified Telecommunication Services 3.2%

| | | | |
|--|---------|----|-------------------|
| Verizon Communications, Inc. | 532,442 | \$ | 29,502,611 |
| Zayo Group Holdings, Inc. ⁽¹⁾ | 910,626 | | 25,770,716 |
| | | \$ | 55,273,327 |

Electric Utilities 1.8%

| | | | |
|----------------------|---------|----|-------------------|
| NextEra Energy, Inc. | 245,729 | \$ | 31,524,573 |
| | | \$ | 31,524,573 |

Electrical Equipment 1.5%

| | | | |
|---------------------------|---------|----|-------------------|
| Rockwell Automation, Inc. | 229,324 | \$ | 26,234,666 |
| | | \$ | 26,234,666 |

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| Security | | Shares | Value |
|---|-------------|-----------|-----------------------|
| Energy Equipment & Services | 1.1% | | |
| Schlumberger, Ltd. | | 246,791 | \$ 19,871,611 |
| | | | \$ 19,871,611 |
| Food & Staples Retailing | 1.8% | | |
| Kroger Co. (The) | | 899,915 | \$ 30,768,094 |
| | | | \$ 30,768,094 |
| Food Products | 3.2% | | |
| General Mills, Inc. | | 345,963 | \$ 24,871,280 |
| Kellogg Co. | | 356,496 | 29,485,784 |
| | | | \$ 54,357,064 |
| Health Care Equipment & Supplies | 1.2% | | |
| Zimmer Biomet Holdings, Inc. | | 157,604 | \$ 20,668,189 |
| | | | \$ 20,668,189 |
| Health Care Providers & Services | 0.7% | | |
| Humana, Inc. | | 69,507 | \$ 11,993,433 |
| | | | \$ 11,993,433 |
| Household Durables | 2.3% | | |
| Newell Brands, Inc. | | 450,863 | \$ 23,652,273 |
| Whirlpool Corp. | | 82,439 | 15,857,966 |
| | | | \$ 39,510,239 |
| Industrial Conglomerates | 4.0% | | |
| Danaher Corp. | | 319,180 | \$ 25,994,019 |
| General Electric Co. | | 1,377,653 | 42,900,115 |
| | | | \$ 68,894,134 |
| Insurance | 1.5% | | |
| Aflac, Inc. | | 156,599 | \$ 11,318,976 |
| American Financial Group, Inc. | | 191,963 | 14,032,495 |
| | | | \$ 25,351,471 |
| Internet & Catalog Retail | 3.5% | | |
| Amazon.com, Inc. ⁽¹⁾ | | 78,402 | \$ 59,492,222 |
| | | | \$ 59,492,222 |
| Internet Software & Services | 6.6% | | |
| Alphabet, Inc., Class C ⁽¹⁾ | | 111,372 | \$ 85,621,680 |
| Facebook, Inc., Class A ⁽¹⁾ | | 219,143 | 27,160,583 |
| | | | \$ 112,782,263 |

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IT Services 2.8%

| | | | |
|---------------------|---------|----|-------------------|
| Visa, Inc., Class A | 613,869 | \$ | 47,912,475 |
| | | \$ | 47,912,475 |

Machinery 2.1%

| | | | |
|------------------------------|---------|----|-------------------|
| Fortive Corp. ⁽¹⁾ | 560,842 | \$ | 27,038,193 |
| Komatsu, Ltd. | 445,376 | | 8,654,436 |
| | | \$ | 35,692,629 |

Media 1.6%

| | | | |
|-------------------|-----------|----|-------------------|
| ITV PLC | 3,209,796 | \$ | 8,322,778 |
| Time Warner, Inc. | 252,018 | | 19,317,180 |
| | | \$ | 27,639,958 |

Multi-Utilities 1.6%

| | | | |
|---------------|---------|----|-------------------|
| Sempra Energy | 249,951 | \$ | 27,964,518 |
| | | \$ | 27,964,518 |

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| Security | Shares | Value |
|--|-----------|-----------------------|
| Oil, Gas & Consumable Fuels 5.5% | | |
| Chevron Corp. | 330,599 | \$ 33,879,785 |
| EOG Resources, Inc. | 254,643 | 20,804,333 |
| Occidental Petroleum Corp. | 305,009 | 22,793,323 |
| Royal Dutch Shell PLC, Class B | 669,376 | 17,804,543 |
| | | \$ 95,281,984 |
| Pharmaceuticals 11.6% | | |
| Allergan PLC ⁽¹⁾ | 165,940 | \$ 41,974,523 |
| Bristol-Myers Squibb Co. | 425,417 | 31,825,446 |
| Eli Lilly & Co. | 326,560 | 27,068,558 |
| Johnson & Johnson | 408,844 | 51,199,534 |
| Pfizer, Inc. | 803,916 | 29,656,461 |
| Teva Pharmaceutical Industries, Ltd. ADR | 317,148 | 16,967,418 |
| | | \$ 198,691,940 |
| Real Estate Investment Trusts (REITs) 3.9% | | |
| Equity Residential | 330,802 | \$ 22,491,228 |
| Federal Realty Investment Trust | 120,330 | 20,420,001 |
| Simon Property Group, Inc. | 105,520 | 23,957,261 |
| | | \$ 66,868,490 |
| Semiconductors & Semiconductor Equipment 3.7% | | |
| Intel Corp. | 736,374 | \$ 25,669,998 |
| NXP Semiconductors NV ⁽¹⁾ | 459,691 | 38,655,416 |
| | | \$ 64,325,414 |
| Software 3.5% | | |
| Microsoft Corp. | 1,066,778 | \$ 60,464,977 |
| | | \$ 60,464,977 |
| Specialty Retail 4.0% | | |
| Home Depot, Inc. (The) | 245,527 | \$ 33,941,652 |
| Lowe's Cos., Inc. | 310,183 | 25,521,857 |
| Sally Beauty Holdings, Inc. ⁽¹⁾ | 293,587 | 8,610,907 |
| | | \$ 68,074,416 |
| Technology Hardware, Storage & Peripherals 3.7% | | |
| Apple, Inc. | 607,555 | \$ 63,313,307 |
| | | \$ 63,313,307 |
| Textiles, Apparel & Luxury Goods 1.6% | | |
| NIKE, Inc., Class B | 482,954 | \$ 26,803,947 |
| | | \$ 26,803,947 |
| Tobacco 2.4% | | |
| Altria Group, Inc. | 604,761 | \$ 40,942,320 |

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\$ 40,942,320

Total Common Stocks
(identified cost \$1,507,771,138) \$ 1,717,948,037

Short-Term Investments 0.6%

| Description | Interest (000 s omitted) | Value |
|---|-----------------------------|--------------|
| Eaton Vance Cash Reserves Fund, LLC, 0.56% ⁽²⁾ | \$ 9,958 | \$ 9,957,757 |

Total Short-Term Investments
(identified cost \$9,957,757) \$ 9,957,757

Total Investments 100.7%
(identified cost \$1,517,728,895) \$ 1,727,905,794

Call Options Written (0.6)%

| Description | Number of Contracts | Strike Price | Expiration Date | Value |
|---------------|---------------------|--------------|-----------------|----------------|
| S&P 500 Index | 475 | \$ 2,100 | 8/3/16 | \$ (3,505,500) |
| S&P 500 Index | 475 | 2,135 | 8/5/16 | (1,902,375) |
| S&P 500 Index | 470 | 2,170 | 8/10/16 | (693,250) |
| S&P 500 Index | 470 | 2,180 | 8/12/16 | (505,250) |
| S&P 500 Index | 470 | 2,175 | 8/17/16 | (730,850) |
| S&P 500 Index | 465 | 2,165 | 8/19/16 | (1,046,250) |
| S&P 500 Index | 470 | 2,180 | 8/24/16 | (756,700) |
| S&P 500 Index | 465 | 2,180 | 8/26/16 | (812,178) |

Total Call Options Written (premiums received \$6,769,698) **\$ (9,952,353)**

Other Assets, Less Liabilities (0.1)% **\$ (1,970,599)**

Net Assets 100.0% **\$ 1,715,982,842**

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

(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 July 31, 2016. Net income allocated from the investment in Eaton Vance Cash Reserves Fund, LLC for the fiscal year to date ended July 31, 2016 was \$47,071.

Forward Foreign Currency Exchange Contracts

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation | Unrealized (Depreciation) |
|--------------------|-----------------|-------------------------------------|-----------------|-------------------------|---------------------------|
| USD 8,672,936 | JPY 921,127,395 | State Street Bank and Trust Company | 8/31/16 | \$ | \$ (363,411) |

Abbreviations:

ADR - American Depositary Receipt

Currency Abbreviations:

JPY - Japanese Yen

USD - United States Dollar

Written options activity for the fiscal year to date ended July 31, 2016 was as follows:

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| | Number of Contracts | Premiums Received |
|---|------------------------|----------------------|
| Outstanding, beginning of period | 4,135 | \$ 7,580,439 |
| Options written | 38,325 | 79,424,590 |
| Options terminated in closing purchase transactions | (19,730) | (44,629,278) |
| Options exercised | (1,915) | (3,180,234) |
| Options expired | (17,055) | (32,425,819) |
| Outstanding, end of period | 3,760 | \$ 6,769,698 |

All of the securities of the Fund, unless otherwise pledged, are subject to segregation to satisfy the requirements of the escrow agent with respect to exchange-traded options. At July 31, 2016, the Fund had sufficient cash and/or securities to cover commitments under open derivative 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.

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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 enters into forward foreign currency exchange contracts.

The fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) by risk exposure at July 31, 2016 was as follows:

| Risk | Derivative | Fair Value | |
|------------------|---|------------------|-----------------------|
| | | Asset Derivative | Liability Derivative |
| Equity Price | Options Written | \$ | \$ (9,952,353) |
| Total | | \$ | \$ (9,952,353) |
| Foreign Exchange | Forward Foreign Currency Exchange Contracts | \$ | \$ (363,411) |
| Total | | \$ | \$ (363,411) |

The cost and unrealized appreciation (depreciation) of investments of the Fund at July 31, 2016, as determined on a federal income tax basis, were as follows:

| | |
|------------------------------------|-------------------------|
| Aggregate cost | \$ 1,520,111,673 |
| Gross unrealized appreciation | \$ 238,444,610 |
| Gross unrealized depreciation | (30,650,489) |
| Net unrealized appreciation | \$ 207,794,121 |

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 July 31, 2016, the hierarchy of inputs used in valuing the Fund's investments and open derivative instruments, which are carried at value, were as follows:

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| Asset Description | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------------|-----------------------|-----------|-------------------------|
| Common Stocks | | | | |
| Consumer Discretionary | \$ 231,954,860 | \$ 8,322,778 | \$ | \$ 240,277,638 |
| Consumer Staples | 147,083,979 | | | 147,083,979 |
| Energy | 97,349,052 | 17,804,543 | | 115,153,595 |
| Financials | 245,033,207 | | | 245,033,207 |
| Health Care | 258,154,070 | | | 258,154,070 |
| Industrials | 173,317,222 | 8,654,436 | | 181,971,658 |
| Information Technology | 372,166,678 | | | 372,166,678 |
| Materials | 43,344,794 | | | 43,344,794 |
| Telecommunication Services | 55,273,327 | | | 55,273,327 |
| Utilities | 59,489,091 | | | 59,489,091 |
| Total Common Stocks | \$ 1,683,166,280 | \$ 34,781,757* | \$ | \$ 1,717,948,037 |
| Short-Term Investments | \$ | \$ 9,957,757 | \$ | \$ 9,957,757 |
| Total Investments | \$ 1,683,166,280 | \$ 44,739,514 | \$ | \$ 1,727,905,794 |
| Liability Description | | | | |
| Call Options Written | \$ (9,952,353) | \$ | \$ | \$ (9,952,353) |
| Forward Foreign Currency Exchange Contracts | | (363,411) | | (363,411) |
| Total | \$ (9,952,353) | \$ (363,411) | \$ | \$ (10,315,764) |

* 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, 2015 whose fair value was determined using Level 3 inputs. At July 31, 2016, there were no investments transferred between Level 1 and Level 2 during the fiscal year to date then ended.

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.

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.

For additional information on the Fund's policy regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements included in its semiannual or annual report to shareholders.

Item 2. 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 on this Form N-Q 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 on this Form N-Q 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 fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

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/ Michael A. Allison
Michael A. Allison
President

Date: September 26, 2016

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/ Michael A. Allison
Michael A. Allison
President

Date: September 26, 2016

By: /s/ James F. Kirchner
James F. Kirchner
Treasurer

Date: September 26, 2016