

Eaton Vance Tax-Managed Diversified Equity Income Fund  
Form N-CSR  
December 22, 2016

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

**Form N-CSR**

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

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

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

**Maureen A. Gemma**

**Two International Place, Boston, Massachusetts 02110**

**(Name and Address of Agent for Services)**

**(617) 482-8260**

**(Registrant's Telephone Number)**

**October 31**

**Date of Fiscal Year End**

**October 31, 2016**

**Date of Reporting Period**

**Item 1. Reports to Stockholders**

Eaton Vance

Tax-Managed Diversified

Equity Income Fund (ETY)

Annual Report

October 31, 2016

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

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

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

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

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

**Annual Report** October 31, 2016

**Eaton Vance**

## Tax-Managed Diversified Equity Income Fund

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## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

#### Management's Discussion of Fund Performance

##### Economic and Market Conditions

U.S. stock markets recorded modest gains for the 12-month period ended October 31, 2016, as signs of a strengthening U.S. economy were countered by fears of slowing economic growth overseas, geopolitical tensions and worries about interest rates.

U.S. stocks moved in a choppy pattern early in the period. Concerns about a possible interest rate increase by the U.S. Federal Reserve (the Fed) offset positive economic news, including continued gains in the U.S. job market as well as higher auto and housing sales.

Expressing confidence in the economy, the Fed finally made its long-anticipated move in mid-December 2015, raising interest rates for the first time in nine years. Following the quarter-point increase, U.S. stocks briefly recovered before turbulence struck equity markets in early 2016. Stocks worldwide slid amid worries about falling oil prices, declining interest rates and slowing global growth, particularly in China. However, equity markets turned around in mid-February and soon overcame their earlier losses. Coinciding with the move was a reversal in crude oil prices, which rose following a prolonged decline.

In late June 2016, U.S. stocks plunged along with international markets following Britain's Brexit vote to leave the European Union, but equity markets, led by the U.S., quickly rallied from the two-day tailspin and recovered the lost ground.

U.S. equity markets declined in late August 2016 amid retreating oil prices and fears about a possible interest rate increase. The Fed's decision at its September 2016 meeting to leave rates unchanged, along with an agreement by the Organization of the Petroleum Exporting Countries (OPEC) to curb oil production, sent stocks briefly higher. In the final month of the period, U.S. stocks drifted lower on worries about the U.S. presidential election as well as a possible interest-rate hike before year-end.

For the 12-month period, the blue-chip Dow Jones Industrial Average<sup>2</sup> advanced 5.49%, while the broader U.S. equity market, as represented by the S&P 500 Index, returned 4.51%. The technology-laden NASDAQ Composite Index delivered a 3.97% gain.

##### Fund Performance

For the 12-month period ended October 31, 2016, Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund) had a total return of 1.98% at net asset value (NAV), underperforming the 4.51% return of the Fund's primary benchmark, the S&P 500 Index (the Index) and the 4.27% return of the Fund's secondary benchmark, the CBOE S&P 500 BuyWrite Index.

The Fund's common stock allocation underperformed the Index during the period. Stock selection in the financials, health care and information technology sectors detracted from results versus the Index.

In the financials sector, the Fund's out-of-index position in financial services giant Credit Suisse Group AG declined in value. A difficult global environment for Credit Suisse's securities trading business hindered the firm's efforts to restructure and led to concerns it might need to raise additional capital. Within health care, the Fund's out-of-Index holding in Teva Pharmaceutical Industries, Ltd. ADR and overweight positions, relative to the Index, in drug makers Allergan PLC and Perrigo Co. PLC detracted from performance versus the Index. All three stocks were hurt by headline news about high drug prices, which raised concerns during an election year that a new administration might press for increased scrutiny of drug prices. Tableau Software, Inc., an out-of-Index Fund holding in the information technology sector, lost value because its sales cycle for new software contracts lengthened, causing growth expectations for the company to fall. By period-end, Credit Suisse, Teva, Perrigo and Tableau were no longer held in the Fund.

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In contrast, overweights in the telecommunication services and utilities sectors, relative to the Index, and stock selection in the industrials sector aided Fund performance versus the Index. In the telecommunication services sector, the Fund's out-of-Index position in Zayo Group Holdings, Inc., a provider of optical fiber connections and other network infrastructure services, performed well as fiber optic deployment increased across the U.S. and Canada. Overweighting NextEra Energy, Inc., a diversified electric power company in the utilities sector, helped Fund performance versus the Index as NextEra benefited from exposure to growth areas of the electric market, particularly solar generation. In the industrials sector, the Fund's overweight position in Rockwell Automation, Inc. performed strongly on improving long-term expectations for its industrial automation and software business and an improving outlook for its oil and gas industry business, which appeared to stabilize after declining in previous periods.

The Fund's options strategy contributed to Fund performance versus the Index as well. The options strategy, which is designed to help limit the Fund's exposure to market volatility and to provide current income, proved beneficial during a 12-month period marked by heightened volatility in the equity market. During the periods of market volatility, the Fund's writing (selling) of covered call options aided Fund performance versus the Index, as premium income added to returns and some sold calls ended in profits.

*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, 2016

Performance<sup>2</sup>**Portfolio Manager** Michael A. Allison, CFA

<b>% Average Annual Total Returns</b>	<b>Inception Date</b>	<b>One Year</b>	<b>Five Years</b>	<b>Since Inception</b>
Fund at NAV	11/30/2006	1.98%	11.06%	5.92%
Fund at Market Price		0.04	12.91	5.08
S&P 500 Index		4.51%	13.55%	6.55%
CBOE S&P 500 BuyWrite Index		4.27	7.88	4.14

<b>% Premium/Discount to NAV<sup>3</sup></b>	7.63%
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**Distributions<sup>4</sup>**

Total Distributions per share for the period	\$ 1.012
Distribution Rate at NAV	9.08%
Distribution Rate at Market Price	9.83%

See Endnotes and Additional Disclosures in this report.

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## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

#### Fund Profile

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

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

Alphabet, Inc., Class C	4.6%
Apple, Inc.	4.6
Microsoft Corp.	3.8
Amazon.com, Inc.	3.7
Johnson & Johnson	3.5
Visa, Inc., Class A	3.0
Altria Group, Inc.	2.8
General Electric Co.	2.7
JPMorgan Chase & Co.	2.7
PepsiCo, Inc.	2.6
Total	34.0%

*See Endnotes and Additional Disclosures in this report.*

## 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>	Large Blend
<b>Distribution Frequency</b>	Monthly
<b>Common Stock Portfolio</b>	
<b>Positions Held</b>	52
<b>% US / Non-US</b>	98.9/1.1
<b>Average Market Cap</b>	\$172.7 Billion
<b>Call Options Written</b>	
<b>% of Stock Portfolio</b>	48%
<b>Average Days to Expiration</b>	14 days
<b>% Out of the Money</b>	1.6%

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

- <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 is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. S&P 500 Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance. NASDAQ Composite Index is a market capitalization-weighted index of all domestic and international securities listed on NASDAQ. CBOE S&P 500 BuyWrite Index measures the performance of a hypothetical buy-write strategy on the S&P 500 Index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Performance since inception for an index, if presented, is the performance since the Fund's or oldest share class inception, as applicable.
- <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

October 31, 2016

#### Portfolio of Investments

Common Stocks 99.6%

Security	Shares	Value
<b>Air Freight &amp; Logistics 1.5%</b>		
C.H. Robinson Worldwide, Inc.	378,017	\$ 25,750,518
		<b>\$ 25,750,518</b>
<b>Auto Components 1.0%</b>		
Goodyear Tire & Rubber Co. (The)	565,133	\$ 16,405,811
		<b>\$ 16,405,811</b>
<b>Banks 6.5%</b>		
First Republic Bank	220,689	\$ 16,425,882
JPMorgan Chase & Co.	652,059	45,161,606
PNC Financial Services Group, Inc. (The)	282,660	27,022,296
Wells Fargo & Co.	415,981	19,139,286
		<b>\$ 107,749,070</b>
<b>Beverages 4.8%</b>		
Constellation Brands, Inc., Class A	216,448	\$ 36,172,790
PepsiCo, Inc.	412,629	44,233,829
		<b>\$ 80,406,619</b>
<b>Biotechnology 2.4%</b>		
Celgene Corp. <sup>(1)</sup>	393,718	\$ 40,230,105
		<b>\$ 40,230,105</b>
<b>Capital Markets 4.4%</b>		
Charles Schwab Corp. (The)	1,272,761	\$ 40,346,524
Goldman Sachs Group, Inc. (The)	188,527	33,603,052
		<b>\$ 73,949,576</b>

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<p>Chemicals 1.3%</p> <p>PPG Industries, Inc.</p>	<p>224,127 \$ 20,872,948</p> <p><b>\$ 20,872,948</b></p>
<p>Communications Equipment 1.9%</p> <p>Cisco Systems, Inc.</p>	<p>1,012,061 \$ 31,050,031</p> <p><b>\$ 31,050,031</b></p>
<p>Containers &amp; Packaging 1.3%</p> <p>International Paper Co.</p>	<p>499,584 \$ 22,496,268</p> <p><b>\$ 22,496,268</b></p>
<p><b>Security</b></p>	<p><b>Shares Value</b></p>
<p>Distributors 1.5%</p> <p>LKQ Corp.<sup>(1)</sup></p>	<p>774,498 \$ 25,000,795</p> <p><b>\$ 25,000,795</b></p>
<p>Diversified Telecommunication Services 2.6%</p> <p>Verizon Communications, Inc.</p> <p>Zayo Group Holdings, Inc.<sup>(1)</sup></p>	<p>376,169 \$ 18,093,729</p> <p>782,677 25,186,546</p> <p><b>\$ 43,280,275</b></p>
<p>Electric Utilities 1.7%</p> <p>NextEra Energy, Inc.</p>	<p>216,890 \$ 27,761,920</p> <p><b>\$ 27,761,920</b></p>
<p>Electrical Equipment 1.6%</p> <p>Rockwell Automation, Inc.</p>	<p>228,454 \$ 27,350,513</p> <p><b>\$ 27,350,513</b></p>
<p>Energy Equipment &amp; Services 1.4%</p> <p>Schlumberger, Ltd.</p>	<p>289,464 \$ 22,644,769</p> <p><b>\$ 22,644,769</b></p>
<p>Equity Real Estate Investment Trusts (REITs) 2.4%</p> <p>Equity Residential</p> <p>Federal Realty Investment Trust</p>	<p>234,093 \$ 14,455,243</p> <p>171,267 24,873,106</p> <p><b>\$ 39,328,349</b></p>
<p>Food Products 1.2%</p> <p>General Mills, Inc.</p>	<p>328,943 \$ 20,387,887</p> <p><b>\$ 20,387,887</b></p>

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## Health Care Equipment & Supplies 4.2%

Danaher Corp.	501,809	\$ 39,417,097
Zimmer Biomet Holdings, Inc.	284,148	29,949,199
		<b>\$ 69,366,296</b>

## Household Durables 2.0%

Newell Brands, Inc.	361,008	\$ 17,335,604
Whirlpool Corp.	108,536	16,260,864
		<b>\$ 33,596,468</b>

## Industrial Conglomerates 2.7%

General Electric Co.	1,561,190	\$ 45,430,629
		<b>\$ 45,430,629</b>



## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## Portfolio of Investments continued

Security	Shares	Value
<b>Insurance 1.1%</b>		
American Financial Group, Inc.	237,859	\$ 17,720,495
		<b>\$ 17,720,495</b>
<b>Internet &amp; Direct Marketing Retail 3.7%</b>		
Amazon.com, Inc. <sup>(1)</sup>	78,106	\$ 61,689,681
		<b>\$ 61,689,681</b>
<b>Internet Software &amp; Services 7.9%</b>		
Alphabet, Inc., Class C <sup>(1)</sup>	97,692	\$ 76,643,281
Facebook, Inc., Class A <sup>(1)</sup>	280,128	36,693,967
GoDaddy, Inc., Class A <sup>(1)</sup>	516,695	18,492,514
		<b>\$ 131,829,762</b>
<b>IT Services 3.0%</b>		
Visa, Inc., Class A	611,540	\$ 50,458,165
		<b>\$ 50,458,165</b>
<b>Machinery 3.5%</b>		
Caterpillar, Inc.	257,799	\$ 21,515,905
Fortive Corp.	714,130	36,456,336
		<b>\$ 57,972,241</b>
<b>Multi-Utilities 1.5%</b>		
Sempra Energy	228,493	\$ 24,471,600
		<b>\$ 24,471,600</b>
<b>Oil, Gas &amp; Consumable Fuels 6.2%</b>		
Chevron Corp.	380,822	\$ 39,891,105
EOG Resources, Inc.	359,262	32,484,470
Occidental Petroleum Corp.	422,486	30,803,454

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**\$ 103,179,029**

Pharmaceuticals 6.8%

Allergan PLC <sup>(1)</sup>	107,721	\$	22,507,226
Eli Lilly & Co.	300,446		22,184,933
Johnson & Johnson	504,963		58,570,658
Zoetis, Inc.	213,056		10,184,077

**\$ 113,446,894**

Road & Rail 1.1%

Union Pacific Corp.	217,674	\$	19,194,493
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**\$ 19,194,493**

**Security**

**Shares Value**

Semiconductors & Semiconductor Equipment 3.4%

Intel Corp.	1,112,217	\$	38,783,007
NXP Semiconductors NV <sup>(1)</sup>	176,449		17,644,900

**\$ 56,427,907**

Software 3.8%

Microsoft Corp.	1,062,731	\$	63,678,842
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**\$ 63,678,842**

Specialty Retail 2.3%

Home Depot, Inc. (The)	307,614	\$	37,531,984
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**\$ 37,531,984**

Technology Hardware, Storage & Peripherals 4.6%

Apple, Inc.	671,581	\$	76,251,307
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**\$ 76,251,307**

Textiles, Apparel & Luxury Goods 1.4%

NIKE, Inc., Class B	481,122	\$	24,142,702
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**\$ 24,142,702**

Tobacco 2.9%

Altria Group, Inc.	721,608	\$	47,712,721
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**\$ 47,712,721**

Total Common Stocks

(identified cost \$1,478,262,129)

**\$ 1,658,766,670**

Short-Term Investments 1.0%

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<b>Description</b>	<b>Units</b>	<b>Value</b>
Eaton Vance Cash Reserves Fund, LLC, 0.68% <sup>(2)</sup>	16,163,743	\$ 16,166,976
 Total Short-Term Investments (identified cost \$16,165,919)		 <b>\$ 16,166,976</b>
 Total Investments 100.6% (identified cost \$1,494,428,048)		 <b>\$ 1,674,933,646</b>

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*See Notes to Financial Statements.*

Eaton Vance

Tax-Managed Diversified Equity Income Fund

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Portfolio of Investments continued

Call Options Written (0.2)%

Description	Number of Contracts	Strike Price	Expiration Date	Value
S&P 500 Index	465	\$ 2,185	11/2/16	\$ (1,162)
S&P 500 Index	465	2,180	11/4/16	(5,812)
S&P 500 Index	155	2,155	11/7/16	(48,438)
S&P 500 Index	155	2,160	11/7/16	(32,163)
S&P 500 Index	340	2,160	11/9/16	(300,900)
S&P 500 Index	310	2,170	11/11/16	(213,900)
S&P 500 Index	155	2,145	11/14/16	(278,225)
S&P 500 Index	155	2,165	11/14/16	(141,050)
S&P 500 Index	310	2,165	11/16/16	(306,900)
S&P 500 Index	310	2,150	11/18/16	(527,000)
S&P 500 Index	155	2,145	11/21/16	(315,425)
S&P 500 Index	155	2,150	11/21/16	(277,450)
S&P 500 Index	310	2,155	11/23/16	(509,950)
S&P 500 Index	310	2,155	11/25/16	(513,050)

Total Call Options Written (premiums received \$6,370,521) \$ (3,471,425)

Other Assets, Less Liabilities (0.4)% \$ (6,314,160)

Net Assets 100.0% \$ 1,665,148,061

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 October 31, 2016.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2016

Statement of Assets and Liabilities

	<b>October 31, 2016</b>
<b>Assets</b>	
Unaffiliated investments, at value (identified cost, \$1,478,262,129)	\$ 1,658,766,670
Affiliated investment, at value (identified cost, \$16,165,919)	16,166,976
Foreign currency, at value (identified cost, \$37)	35
Dividends receivable	938,129
Receivable for investments sold	3,859,031
Tax reclaims receivable	1,706,880
<b>Total assets</b>	<b>\$ 1,681,437,721</b>
<b>Liabilities</b>	
Written options outstanding, at value (premiums received, \$6,370,521)	\$ 3,471,425
Payable for investments purchased	10,949,215
Payable to affiliates:	
Investment adviser fee	1,426,510
Trustees fees	5,667
Accrued expenses	436,843
<b>Total liabilities</b>	<b>\$ 16,289,660</b>
<b>Net Assets</b>	<b>\$ 1,665,148,061</b>
<b>Sources of Net Assets</b>	
Common shares, \$0.01 par value, unlimited number of shares authorized, 149,444,220 shares issued and outstanding	\$ 1,494,442
Additional paid-in capital	1,544,785,545
Accumulated net realized loss	(64,543,341)
Net unrealized appreciation	183,411,415
<b>Net Assets</b>	<b>\$ 1,665,148,061</b>
<b>Net Asset Value</b>	
<b>(\$1,665,148,061 ÷ 149,444,220 common shares issued and outstanding)</b>	<b>\$ 11.14</b>

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2016

Statement of Operations

	<b>Year Ended</b>
	<b>October 31, 2016</b>
<b>Investment Income</b>	
Dividends (net of foreign taxes, \$73,261)	\$ 36,094,905
Interest allocated from/dividends from affiliated investment	95,199
Expenses allocated from affiliated investment	(2,187)
<b>Total investment income</b>	<b>\$ 36,187,917</b>
<b>Expenses</b>	
Investment adviser fee	\$ 16,975,898
Trustees' fees and expenses	68,000
Custodian fee	407,369
Transfer and dividend disbursing agent fees	18,884
Legal and accounting services	106,336
Printing and postage	595,013
Miscellaneous	215,191
<b>Total expenses</b>	<b>\$ 18,386,691</b>
<b>Net investment income</b>	<b>\$ 17,801,226</b>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss)	
Investment transactions	\$ (71,116,496)
Investment transactions in/allocated from affiliated investment	2,326
Written options	(1,217,521)
Foreign currency and forward foreign currency exchange contract transactions	(441,664)
<b>Net realized loss</b>	<b>\$ (72,773,355)</b>
Change in unrealized appreciation (depreciation)	
Investments	\$ 65,974,553
Investments - affiliated investment	1,057
Written options	9,973,807
Foreign currency	(141,819)
<b>Net change in unrealized appreciation (depreciation)</b>	<b>\$ 75,807,598</b>
<b>Net realized and unrealized gain</b>	<b>\$ 3,034,243</b>
<b>Net increase in net assets from operations</b>	<b>\$ 20,835,469</b>

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2016

Statements of Changes in Net Assets

	<b>Year Ended October 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Increase (Decrease) in Net Assets</b>		
From operations		
Net investment income	\$ 17,801,226	\$ 31,557,069
Net realized gain (loss) from investment transactions, written options, and foreign currency and forward foreign currency exchange contract transactions	(72,773,355)	121,404,978
Net change in unrealized appreciation (depreciation) from investments, written options and foreign currency	75,807,598	(50,736,015)
<b>Net increase in net assets from operations</b>	<b>\$ 20,835,469</b>	<b>\$ 102,226,032</b>
Distributions to shareholders		
From net investment income	\$ (14,256,284)	\$ (31,647,552)
From net realized gain	(10,586,938)	(119,530,221)
Tax return of capital	(126,334,551)	
<b>Total distributions</b>	<b>\$ (151,177,773)</b>	<b>\$ (151,177,773)</b>
<b>Net decrease in net assets</b>	<b>\$ (130,342,304)</b>	<b>\$ (48,951,741)</b>
<b>Net Assets</b>		
At beginning of year	\$ 1,795,490,365	\$ 1,844,442,106
<b>At end of year</b>	<b>\$ 1,665,148,061</b>	<b>\$ 1,795,490,365</b>

## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## Financial Highlights

	Year Ended October 31,				
	2016	2015	2014	2013	2012
Net asset value Beginning of year	\$ 12.010	\$ 12.340	\$ 11.870	\$ 10.960	\$ 10.830
<b>Income (Loss) From Operations</b>					
Net investment income <sup>(1)</sup>	\$ 0.119	\$ 0.211	\$ 0.324 <sup>(2)</sup>	\$ 0.195	\$ 0.138
Net realized and unrealized gain	0.023	0.471	1.157	1.798	1.062
<b>Total income from operations</b>	<b>\$ 0.142</b>	<b>\$ 0.682</b>	<b>\$ 1.481</b>	<b>\$ 1.993</b>	<b>\$ 1.200</b>
<b>Less Distributions</b>					
From net investment income	\$ (0.095)	\$ (0.212)	\$ (0.327)	\$ (0.398)	\$ (0.137)
From net realized gain	(0.071)	(0.800)		(0.698)	
Tax return of capital	(0.846)		(0.685)		(0.948)
<b>Total distributions</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>	<b>\$ (1.012)</b>	<b>\$ (1.096)</b>	<b>\$ (1.085)</b>
<b>Anti-dilutive effect of share repurchase program (see Note 5)<sup>(1)</sup></b>	<b>\$</b>	<b>\$</b>	<b>\$ 0.001</b>	<b>\$ 0.013</b>	<b>\$ 0.015</b>
<b>Net asset value End of year</b>	<b>\$ 11.140</b>	<b>\$ 12.010</b>	<b>\$ 12.340</b>	<b>\$ 11.870</b>	<b>\$ 10.960</b>
<b>Market value End of year</b>	<b>\$ 10.290</b>	<b>\$ 11.310</b>	<b>\$ 11.710</b>	<b>\$ 10.720</b>	<b>\$ 9.510</b>
<b>Total Investment Return on Net Asset Value<sup>(3)</sup></b>	<b>1.98%</b>	<b>6.38%</b>	<b>13.64%</b>	<b>20.61%</b>	<b>13.68%</b>
<b>Total Investment Return on Market Value<sup>(3)</sup></b>	<b>0.04%</b>	<b>5.57%</b>	<b>19.41%</b>	<b>25.53%</b>	<b>15.99%</b>
<b>Ratios/Supplemental Data</b>					
Net assets, end of year (000 s omitted)	\$ 1,665,148	\$ 1,795,490	\$ 1,844,442	\$ 1,775,015	\$ 1,654,326
Ratios (as a percentage of average daily net assets):					
Expenses <sup>(4)</sup>	1.08%	1.07%	1.08%	1.09%	1.07%
Net investment income	1.05%	1.72%	2.65% <sup>(2)</sup>	1.71%	1.27%
Portfolio Turnover	86%	85%	83%	130%	30%

(1) Computed using average shares outstanding.

(2) 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%.

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

(4)



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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, 2016

### Notes to Financial Statements

#### 1 Significant Accounting Policies

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

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

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

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

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

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

**Affiliated Fund.** The Fund may invest in Eaton Vance Cash Reserves Fund, LLC (Cash Reserves Fund), an affiliated investment company managed by Eaton Vance Management (EVM). 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. Prior to Cash Reserves Fund's issuance of units in October 2016, the value of the Fund's investment in Cash Reserves Fund reflected the Fund's proportionate interest in its net assets and the Fund recorded its pro rata share of Cash Reserves Fund's income, expenses and realized gain or loss.

**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

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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. Interest income is recorded on the basis of interest accrued, adjusted for amortization of premium or accretion of discount.

## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

#### Notes to Financial Statements continued

**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, 2016, the Fund had no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund files a U.S. federal income tax return annually after its fiscal year-end, which is subject to examination by the Internal Revenue Service for a period of three years from the date of filing.

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

**I Written Options** Upon the writing of a call or a put option, the premium received by the Fund is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written, in accordance with the Fund's policies on investment valuations discussed above. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. When an index option is exercised, the Fund is required to deliver an amount of cash determined by the excess of the strike price of the option over the value of the index (in the case of a put) or the excess of the value of the index over the strike price of the option (in the case of a call) at contract termination. If a put option on a security is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as a writer of an option, may have no control over whether the underlying securities or other assets may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the securities or other assets underlying the written option. The Fund may also bear the risk of not being able to enter into a closing transaction if a liquid secondary market does not exist.

#### 2 Distributions to Shareholders and Income Tax Information

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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.

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2016

Notes to Financial Statements continued

The tax character of distributions declared for the years ended October 31, 2016 and October 31, 2015 was as follows:

	Year Ended October 31,	
	2016	2015
<b>Distributions declared from:</b>		
Ordinary income	\$ 14,256,284	\$ 31,647,552
Long-term capital gains	\$ 10,586,938	\$ 119,530,221
Tax return of capital	\$ 126,334,551	\$

During the year ended October 31, 2016, accumulated net realized loss was decreased by \$3,544,942 and accumulated undistributed net investment income was decreased by \$3,544,942 due to differences between book and tax accounting, primarily for foreign currency gain (loss) and distributions from real estate investment trusts. These reclassifications had no effect on the net assets or net asset value per share of the Fund.

As of October 31, 2016, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Deferred capital losses	\$ (55,431,608)
Net unrealized appreciation	\$ 174,299,682

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

At October 31, 2016, the Fund, for federal income tax purposes, had deferred capital losses of \$55,431,608 which would reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Internal Revenue Code, and thus would reduce the amount of distributions to shareholders, which would otherwise be necessary to relieve the Fund of any liability for federal income or excise tax. The deferred capital losses are treated as arising on the first day of the Fund's next taxable year and retain the same short-term or long-term character as when originally deferred. Of the deferred capital losses at October 31, 2016, \$55,431,608 are short-term.

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

<b>Aggregate cost</b>	<b>\$ 1,500,640,685</b>
Gross unrealized appreciation	\$ 203,537,775
Gross unrealized depreciation	(29,244,814)
<b>Net unrealized appreciation</b>	<b>\$ 174,292,961</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.

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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, 2016, the Fund's investment adviser fee amounted to \$16,975,898 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, 2016, no significant amounts have been deferred. Certain officers and Trustees of the Fund are officers of EVM.

## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

Notes to Financial Statements continued

#### 4 Purchases and Sales of Investments

Purchases and sales of investments, other than short-term obligations, aggregated \$1,458,354,287 and \$1,604,586,198, respectively, for the year ended October 31, 2016.

#### 5 Common Shares of Beneficial Interest

The Fund may issue common shares pursuant to its dividend reinvestment plan. There were no common shares issued by the Fund for the years ended October 31, 2016 and October 31, 2015.

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, 2016 and October 31, 2015.

#### 6 Financial Instruments

The Fund may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities. These financial instruments may include forward foreign currency exchange contracts and written options and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or contractual amounts of these instruments represent the investment the Fund has in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. A summary of obligations under these financial instruments at October 31, 2016 is included in the Portfolio of Investments. 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 October 31, 2016, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

At October 31, 2016, there were no forward foreign currency exchange contracts outstanding.

Written options activity for the year ended October 31, 2016 was as follows:

	Number of Contracts	Premiums Received
Outstanding, beginning of year	4,135	\$ 7,580,439
Options written	50,420	100,127,980
Options terminated in closing purchase transactions	(23,020)	(50,721,570)
Options exercised	(3,315)	(5,367,337)
Options expired	(24,470)	(45,248,991)
<b>Outstanding, end of year</b>	<b>3,750</b>	<b>\$ 6,370,521</b>

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



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risk of loss, minus the premium received, should the price of the underlying index decline.

**Foreign Exchange Risk:** Because the Fund holds foreign currency denominated investments, the value of these investments and related receivables and payables may change due to future changes in foreign currency exchange rates. To hedge against this risk, the Fund entered into forward foreign currency exchange contracts during the year ended October 31, 2016.

The Fund enters into forward foreign currency exchange contracts that may contain provisions whereby the counterparty may terminate the contract under certain conditions, including but not limited to a decline in the Fund's net assets below a certain level over a certain period of time, which would trigger a payment by the Fund for those derivatives in a liability position. At October 31, 2016, the Fund had no open derivatives with credit-related contingent features in a net liability position.

The over-the-counter (OTC) derivatives in which the Fund invests (except for written options as the Fund, not the counterparty, is obligated to perform) are subject to the risk that the counterparty to the contract fails to perform its obligations under the contract. To mitigate this risk, the Fund has entered into

## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## Notes to Financial Statements continued

an International Swaps and Derivatives Association, Inc. Master Agreement ( ISDA Master Agreement ) or similar agreement with substantially all its derivative counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, set-off provisions in the event of a default and/or termination event as defined under the relevant ISDA Master Agreement. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy or insolvency. Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements, which would cause the counterparty to accelerate payment by the Fund of any net liability owed to it.

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

The fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) and whose primary underlying risk exposure is equity price risk at October 31, 2016 was as follows:

Derivative	Fair Value	
	Asset Derivative	Liability Derivative <sup>(1)</sup>
Written options	\$	\$ (3,471,425)

<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 by risk exposure for the year ended October 31, 2016 was as follows:

Risk	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>
Equity Price	Written options	\$ (1,217,521)	\$ 9,973,807
Foreign Exchange	Forward foreign currency exchange contracts	(474,845)	
<b>Total</b>		<b>\$ (1,692,366)</b>	<b>\$ 9,973,807</b>

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

(2) Statement of Operations location: Change in unrealized appreciation (depreciation) Written options.

The average notional amount of forward foreign currency exchange contracts outstanding during the year ended October 31, 2016, which is indicative of the volume of this derivative type, was approximately \$1,403,000.

### 7 Fair Value Measurements

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

Level 1 quoted prices in active markets for identical investments

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

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

Eaton Vance

Tax-Managed Diversified Equity Income Fund

October 31, 2016

Notes to Financial Statements continued

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

<b>Asset Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks	\$ 1,658,766,670*	\$	\$	\$ 1,658,766,670
Short-Term Investments		16,166,976		16,166,976
<b>Total Investments</b>	<b>\$ 1,658,766,670</b>	<b>\$ 16,166,976</b>	<b>\$</b>	<b>\$ 1,674,933,646</b>
<b>Liability Description</b>				
Call Options Written	\$ (3,471,425)	\$	\$	\$ (3,471,425)
<b>Total</b>	<b>\$ (3,471,425)</b>	<b>\$</b>	<b>\$</b>	<b>\$ (3,471,425)</b>

\* The level classification by major category of investments is the same as the category presentation in the Portfolio of Investments. The Fund held no investments or other financial instruments as of October 31, 2015 whose fair value was determined using Level 3 inputs. At October 31, 2016, there were no investments transferred between Level 1 and Level 2 during the year then ended.

Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

### Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying statement of assets and liabilities of Eaton Vance Tax-Managed Diversified Equity Income Fund (the Fund), including the portfolio of investments, as of October 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2016, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Eaton Vance Tax-Managed Diversified Equity Income Fund as of October 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts

December 16, 2016

Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

### Federal Tax Information (Unaudited)

The Form 1099-DIV you receive in February 2017 will show the tax status of all distributions paid to your account in calendar year 2016. Shareholders are advised to consult their own tax adviser with respect to the tax consequences of their investment in the Fund. As required by the Internal Revenue Code and/or regulations, shareholders must be notified regarding the status of qualified dividend income for individuals and the dividends received deduction for corporations.

**Qualified Dividend Income.** For the fiscal year ended October 31, 2016, the Fund designates approximately \$30,079,602, 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 2016 ordinary income dividends, 100% qualifies for the corporate dividends received deduction.

## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

#### Annual Meeting of Shareholders (Unaudited)

The Fund held its Annual Meeting of Shareholders on August 18, 2016. The following action was taken by the shareholders:

**Item 1:** The election of Scott E. Eston, Thomas E. Faust Jr. and Cynthia E. Frost as Class I Trustees of the Fund for a three-year term expiring in 2019.

Nominee for Trustee	Number of Shares <sup>1</sup>	
	For	Withheld
<b>Elected by All Shareholders</b>		
Scott E. Eston (Class I)	136,419,662	2,383,441
Thomas E. Faust Jr. (Class I)	136,405,430	2,397,673
Cynthia E. Frost (Class I)	136,451,216	2,351,888

<sup>1</sup> Excludes fractional shares.

## Eaton Vance

### Tax-Managed Diversified Equity Income Fund

October 31, 2016

#### Dividend Reinvestment Plan

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

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

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

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

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



Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

### Application for Participation in Dividend Reinvestment Plan

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

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

Please print exact name on account

Shareholder signature

Date

Shareholder signature

Date

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

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

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

Eaton Vance Tax-Managed Diversified Equity Income Fund

c/o American Stock Transfer & Trust Company, LLC

P.O. Box 922

Wall Street Station

New York, NY 10269-0560

## Edgar Filing: Eaton Vance Tax-Managed Diversified Equity Income Fund - Form N-CSR

### Number of Employees

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

### Number of Shareholders

As of October 31, 2016, Fund records indicate that there are 50 registered shareholders and approximately 77,407 shareholders owning the Fund shares in street name, such as through brokers, banks, and financial intermediaries.

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

Eaton Vance Distributors, Inc.

Two International Place

Boston, MA 02110

1-800-262-1122

### **New York Stock Exchange symbol**

The New York Stock Exchange symbol is ETY.

## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## 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, EVMI refers to Eaton Vance Management (International) Limited and EVD refers to Eaton Vance Distributors, Inc. EVC and EV are the corporate parent and trustee, respectively, of EVM and BMR. EVMI is an indirect, wholly-owned subsidiary of EVC. 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 176 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 and EVMI. Trustee and/or officer of 176 registered investment companies. Mr. Faust is an interested person because of his positions with EVM, BMR, EVD, EVMI, 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>			
Scott E. Eston 1956	Class I Trustee	Until 2019. Trustee since 2011.	Private investor. Formerly held various positions at Grantham, Mayo, Van Otterloo and Co., LLC (investment management firm) (1997-2009), including Chief Operating Officer (2002-2009), Chief Financial Officer (1997-2009) and Chairman of the Executive Committee (2002-2008); President and Principal Executive Officer, GMO Trust (open-end registered investment company) (2006-2009). Former Partner, Coopers and Lybrand LLP (now PricewaterhouseCoopers) (a registered public accounting firm) (1987-1997). Mr. Eston has apprised the Board of Trustees that he intends to retire as a Trustee of all Eaton Vance funds effective September 30, 2017.  <b>Directorships in the Last Five Years.</b> <sup>(2)</sup> None.
Mark R. Fetting <sup>(3)</sup> 1954	Class III Trustee	Until 2018. 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

## Edgar Filing: Eaton Vance Tax-Managed Diversified Equity Income Fund - Form N-CSR

Financial Group, Inc. and related companies (investment management firm)  
(1991-2000).

**Directorships in the Last Five Years.** Formerly, Director and Chairman of Legg Mason, Inc. (2008-2012); Director/Trustee and Chairman of Legg Mason family of funds (14 funds) (2008-2012); and Director/Trustee of the Royce family of funds (35 funds) (2001-2012).

Cynthia E. Frost	Class I	Until 2019.	Private investor. Formerly, Chief Investment Officer of Brown University (university endowment) (2000-2012); Portfolio Strategist for Duke Management Company (university endowment manager) (1995-2000); Managing Director, Cambridge Associates (investment consulting company) (1989-1995); Consultant, Bain and Company (management consulting firm) (1987-1989); Senior Equity Analyst, BA Investment Management Company (1983-1985).
1961	Trustee	Trustee since 2014.	
			<b>Directorships in the Last Five Years.</b> None.
George J. Gorman	Class II	Until 2017.	Principal at George J. Gorman LLC (consulting firm). Formerly, Senior Partner at Ernst & Young LLP (a registered public accounting firm) (1974-2009).
1952	Trustee	Trustee since 2014.	<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).

## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## Management and Organization continued

Name and Year of Birth	Position(s)	Term Expiring;	Principal Occupation(s) and Directorships
	with the Fund	Trustee Since <sup>(1)</sup>	During Past Five Years and Other Relevant Experience
<b>Noninterested Trustees (continued)</b>			
Valerie A. Mosley 1960	Class III  Trustee	Until 2018.  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).
William H. Park 1947	Chairperson of the Board and  Class II  Trustee	Until 2017.  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 2018.  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> Formerly, Director of BJ's Wholesale Club, Inc. (wholesale club retailer) (2004-2011). Formerly, Trustee of SPDR Index Shares Funds and SPDR Series Trust (exchange traded funds) (2000-2009). Formerly, Director of Federal Home Loan Bank of Boston (a bank for banks) (2007-2009).
Susan J. Sutherland 1957	Class II  Trustee	Until 2017.  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	Class II	Until 2017.	Managing Director, Taggart Associates (a professional practice firm). Formerly, Partner and Senior Vice President, Wellington Management Company, LLP

## Edgar Filing: Eaton Vance Tax-Managed Diversified Equity Income Fund - Form N-CSR

1948	Trustee	Trustee since 2011.	<p>(investment management firm) (1983-2006).</p> <p><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).</p>
Ralph F. Verni	Class III	Until 2018.	<p>Consultant and private investor. Formerly, Chief Investment Officer (1982-1992), Chief Financial Officer (1988-1990) and Director (1982-1992), New England Life. Formerly, Chairperson, New England Mutual Funds (1982-1992). Formerly, President and Chief Executive Officer, State Street Management &amp; Research (1992-2000). Formerly, Chairperson, State Street Research Mutual Funds (1992-2000). Formerly, Director, W.P. Carey, LLC (1998-2004) and First Pioneer Farm Credit Corp. (financial services cooperative) (2002-2006). Consistent with the Trustee retirement policy, Mr. Verni is currently expected to retire as a Trustee of all Eaton Vance funds effective July 1, 2017.</p>
1943	Trustee	Trustee since 2005.	<p><b>Directorships in the Last Five Years.</b><sup>(2)</sup> None.</p>

## Eaton Vance

## Tax-Managed Diversified Equity Income Fund

October 31, 2016

## Management and Organization continued

Name and Year of Birth	Position(s)	Term Expiring;	Principal Occupation(s) and Directorships
	with the Fund	Trustee Since <sup>(1)</sup>	During Past Five Years and Other Relevant Experience
Noninterested Trustees (continued)			
Scott E. Wennerholm <sup>(3)</sup>	Class I	Until 2019.	Consultant at GF Parish Group (executive recruiting firm). Trustee at Wheelock College (postsecondary institution) (since 2012). 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).
1959	Trustee	Trustee since 2016.	

**Directorships in the Last Five Years.** None.

## Principal Officers who are not Trustees

Name and Year of Birth	Position(s)	Officer	Principal Occupation(s)
	with the Fund	Since <sup>(4)</sup>	During Past Five Years
Michael A. Allison	President	2015	Vice President of EVM and BMR.
1964	Vice President, Secretary and Chief Legal Officer	2005	Vice President of EVM and BMR.
Maureen A. Gemma			
1960	Treasurer	2007	Vice President of EVM and BMR.
James F. Kirchner			
1967	Chief Compliance Officer	2004	Vice President of EVM and BMR.
Paul M. O Neil			
1953			

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

(2) During their respective tenures, the Trustees (except for Mmes. Frost and Sutherland and Messrs. Fetting, Gorman 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); eUnits™ 2 Year U.S. Market Participation Trust II: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014); and Eaton Vance National Municipal Income Trust (launched in 1998 and terminated in 2009). However, Ms. Mosley did not serve as a Board member of eUnits™ 2 Year U.S. Market Participation Trust: Upside to Cap / Buffered Downside (launched in 2012 and

## Edgar Filing: Eaton Vance Tax-Managed Diversified Equity Income Fund - Form N-CSR

terminated in 2014).

(3) Messrs. Fetting and Wennerholm began serving as Trustees effective September 1, 2016.

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



## Eaton Vance Funds

### IMPORTANT NOTICES

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

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

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

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

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

## Edgar Filing: Eaton Vance Tax-Managed Diversified Equity Income Fund - Form N-CSR

**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 .

Investment Adviser and Administrator

**Eaton Vance Management**

Two International Place

Boston, MA 02110

Custodian

**State Street Bank and Trust Company**

State Street Financial Center, One Lincoln Street

Boston, MA 02111

Transfer Agent

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

6201 15<sup>th</sup> Avenue

Brooklyn, NY 11219

Independent Registered Public Accounting Firm

**Deloitte & Touche LLP**

200 Berkeley Street

Boston, MA 02116-5022

Fund Offices

Two International Place

Boston, MA 02110

2897 10.31.16

## **Item 2. Code of Ethics**

The registrant has adopted a code of ethics applicable to its Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-262-1122. The registrant has not amended the code of ethics as described in Form N-CSR during the period covered by this report. The registrant has not granted any waiver, including an implicit waiver, from a provision of the code of ethics as described in Form N-CSR during the period covered by this report.

## **Item 3. Audit Committee Financial Expert**

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

## **Item 4. Principal Accountant Fees and Services**

Rule 2-01(c)(1)(ii)(A) of Regulation S-X (the "Loan Rule") prohibits an accounting firm, such as the Fund's principal accountant, Deloitte & Touche LLP ("D&T"), from having certain financial relationships with their audit clients and affiliated entities. Specifically, the Loan Rule provides, in relevant part, that an accounting firm generally would not be independent if it receives a loan from a lender that is a record or beneficial owner of more than ten percent of the audit client's equity securities. Based on information provided to the Audit Committee of the Board of Trustees (the "Audit Committee") of the Eaton Vance family of funds by D&T, certain relationships between D&T and its affiliates ("Deloitte Entities") and its lenders who are record owners of shares of one or more funds within the Eaton Vance family of funds (the "Funds") implicate the Loan Rule, calling into question D&T's independence with respect to the Funds. The Funds are providing this disclosure to explain the facts and circumstances as well as D&T's conclusions concerning D&T's objectivity and impartiality with respect to the audits of the Funds.

D&T advised the Audit Committee of its conclusion that, in light of the facts surrounding its lending relationships, D&T's objectivity and impartiality in the planning and conduct of the audits of the Funds financial statements will not be compromised, D&T is in a position to continue as the auditor for the Funds and no actions need to be taken with respect to previously issued reports by D&T. D&T has advised the Audit Committee that these conclusions were based in part on the following considerations: (1) Deloitte Entity personnel responsible for managing the lending relationships have had no interactions with the audit engagement team; (2) the lending relationships are in good standing and the principal and interest payments are up-to-date; (3) the lending relationships are not significant to the Deloitte Entities or to D&T.

On June 20, 2016, the U.S. Securities and Exchange Commission (the "SEC") issued no-action relief to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter (June 20, 2016) (the "No-Action Letter")) related to the auditor independence issue described above. In the No-Action Letter, the SEC indicated that it would not recommend enforcement action against the fund group if the auditor is not in compliance with the Loan Rule provided that: (1) the auditor has complied with PCAOB Rule 3526(b)(1) and 3526(b)(2); (2) the auditor's non-compliance under the Loan Rule is with respect to certain lending relationships; and (3) notwithstanding such non-compliance, the auditor has concluded that it is objective and impartial with respect to the issues encompassed within its engagement as auditor of the funds. Based on information provided by D&T, the requirements of the No-Action Letter appear to be met with respect to D&T's lending relationships described above. After giving

consideration to the guidance provided in the No-Action Letter, D&T affirmed to the Audit Committee that D&T is an independent accountant with respect to the Funds within the meaning of the rules and standards of the PCAOB and the securities laws and regulations administered by the SEC. The SEC has indicated that the no-action relief will expire 18 months from its issuance.

**(a) (d)**

The following table presents the aggregate fees billed to the registrant for the registrant's fiscal years ended October 31, 2015 and October 31, 2016 by D&T for professional services rendered for the audit of the registrant's annual financial statements and fees billed for other services rendered by D&T during such periods.

<b>Fiscal Years Ended</b>	<b>10/31/15</b>	<b>10/31/16</b>
Audit Fees	\$ 56,820	\$ 57,420
Audit-Related Fees <sup>(1)</sup>	\$ 0	\$ 0
Tax Fees <sup>(2)</sup>	\$ 12,793	\$ 13,057
All Other Fees <sup>(3)</sup>	\$ 0	\$ 0
<b>Total</b>	<b>\$ 69,613</b>	<b>\$ 70,477</b>

- (1) Audit-related fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under the category of audit fees.
- (2) Tax fees consist of the aggregate fees billed for professional services rendered by the principal accountant relating to tax compliance, tax advice, and tax planning and specifically include fees for tax return preparation and other related tax compliance/planning matters.
- (3) All other fees consist of the aggregate fees billed for products and services provided by the principal accountant other than audit, audit-related, and tax services.

(e)(1) The registrant's audit committee has adopted policies and procedures relating to the pre-approval of services provided by the registrant's principal accountant (the "Pre-Approval Policies"). The Pre-Approval Policies establish a framework intended to assist the audit committee in the proper discharge of its pre-approval responsibilities. As a general matter, the Pre-Approval Policies (i) specify certain types of audit, audit-related, tax, and other services determined to be pre-approved by the audit committee; and (ii) delineate specific procedures governing the mechanics of the pre-approval process, including the approval and monitoring of audit and non-audit service fees. Unless a service is specifically pre-approved under the Pre-Approval Policies, it must be separately pre-approved by the audit committee.

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

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

(f) Not applicable.

(g) The following table presents (i) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the registrant by D&T for the registrant's fiscal years ended October 31, 2015 and October 31, 2016; and (ii) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the Eaton Vance organization by D&T for the same time periods.

<b>Fiscal Years Ended</b>	<b>10/31/15</b>	<b>10/31/16</b>
<b>Registrant</b>	\$ 12,793	\$ 13,057
<b>Eaton Vance<sup>(1)</sup></b>	\$ 46,000	\$ 56,434

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



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

#### **Item 5. Audit Committee of Listed Registrants**

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

#### **Item 6. Schedule of Investments**

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

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

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

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

In addition, the investment adviser will monitor situations that may result in a conflict of interest between the Fund's shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund by maintaining a list of significant existing and prospective corporate clients. The investment adviser's personnel responsible for reviewing and voting proxies on behalf of the Fund will report any proxy received or expected to be received from a company included on that list to the personnel of the investment adviser.

identified in the Policies. If such personnel expects to instruct the Agent to vote such proxies in a manner inconsistent with the guidelines of the Policies or the recommendation of the Agent, the personnel will consult with members of senior management of the investment adviser to determine if a material conflict of interests exists. If it is determined that a material conflict does exist, the investment adviser will seek instruction on how to vote from the Special Committee.

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

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

Eaton Vance Management (EVM or Eaton Vance) is the investment adviser of the Fund. Michael A. Allison is responsible for the overall and day-to-day management of the Fund's investments. Mr. Allison is a Vice President of EVM, is a member of EVM's Equity Strategy Committee and has been a portfolio manager of the Fund since November 2006. He has managed other Eaton Vance portfolios for more than five years. This information is provided as of the date of filing this report.

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

	Number of All Accounts	Total Assets of All Accounts	Number of Accounts Paying a Performance Fee	Total Assets of Accounts Paying a Performance Fee
<b>Michael A. Allison</b>				
Registered Investment Companies	15	\$ 24,462.1	0	\$ 0
Other Pooled Investment Vehicles	14	\$ 11,425.5 <sup>(1)</sup>	0	\$ 0
Other Accounts	12	\$ 36.3	0	\$ 0

<sup>(1)</sup> Certain of these Other Pooled Investment Vehicles invest a substantial portion of their assets either in a registered investment company or in a separate pooled investment vehicle managed by this portfolio manager or another Eaton Vance portfolio manager.

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

#### Dollar Range of Equity Securities

<u>Portfolio Manager</u>	<u>Beneficially Owned in the Fund</u>
Michael A. Allison	\$50,001 - \$100,000

*Potential for Conflicts of Interest.* It is possible that conflicts of interest may arise in connection with a portfolio manager's management of the Trust's investments on the one hand and investments of other accounts for which a portfolio manager is responsible on the other. For example, a portfolio manager may have conflicts of interest in allocating management time, resources and investment opportunities among the Trust and other accounts he advises. In addition, due to differences in the investment strategies or restrictions between the Trust and the other accounts, the portfolio manager may take action with respect to another account that differs from the action taken with respect to the Trust. In some cases, another account managed by a portfolio manager may compensate the investment adviser based on the performance of the securities held by that account. The existence of such a performance based fee may create additional conflicts of interest for the portfolio manager in the allocation of management time, resources and investment opportunities. Whenever conflicts of interest arise, the portfolio manager will endeavor to exercise his discretion in a manner that he believes is equitable to all interested persons. EVM has adopted several policies and procedures designed to address these potential conflicts including a code of ethics and policies that govern the investment adviser's trading practices, including among other things the aggregation and allocation of trades among clients, brokerage allocations, cross trades and best execution.

### **Compensation Structure for EVM**

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

*Method to Determine Compensation.* EVM compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the total return performance of managed funds and accounts versus the benchmark(s) stated in the prospectus, as well as an appropriate peer group (as described below). In addition to rankings within peer groups of funds on the basis of absolute performance, consideration may also be given to relative risk-adjusted performance. Risk-adjusted performance measures include, but are not limited to, the Sharpe ratio (Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk). Performance is normally based on periods ending on the September 30th preceding fiscal year end. Fund performance is normally evaluated primarily versus peer groups of funds as determined by Lipper Inc. and/or Morningstar, Inc. When a fund's peer group as determined by Lipper or Morningstar is deemed by EVM's management not to provide a fair comparison, performance may instead be evaluated primarily against a custom peer group or market index. In evaluating the performance of a fund and its manager, primary emphasis is normally placed on three-year performance, with secondary consideration of performance over longer and shorter periods. A portion of the compensation payable to equity portfolio managers and investment professionals will be determined based on the ability of one or more accounts managed by such manager to achieve a specified target average annual gross return over a three year period in excess of the account benchmark. The cash bonus to be payable at the end of the three year term will be established at the inception of the term and will be adjusted positively or negatively to the extent that the average annual gross return varies from the specified target return. For funds that are tax-managed or otherwise have an objective of after-tax returns, performance is measured net of taxes. For other funds, performance is evaluated on a pre-tax basis. For funds with an investment objective other than total return (such as current income), consideration will also be given to the fund's success in achieving its objective. For managers responsible for multiple funds and accounts, investment performance is evaluated on an aggregate basis, based on averages or weighted averages among managed funds and accounts. Funds and accounts that have performance-based advisory fees are not accorded disproportionate weightings in measuring aggregate portfolio manager performance.

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

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

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

No such purchases this period.

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

No material changes.

#### **Item 11. Controls and Procedures**

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

(b) There have been no changes in the registrant's internal controls over financial reporting during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

#### **Item 12. Exhibits**

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

Registrant's Managed Distribution Plan.

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Tax-Managed Diversified Equity Income Fund

By: /s/ Michael A. Allison  
Michael A. Allison  
President

Date: December 16, 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/ James F. Kirchner  
James F. Kirchner  
Treasurer

Date: December 16, 2016

By: /s/ Michael A. Allison  
Michael A. Allison  
President

Date: December 16, 2016