

Eaton Vance Short Duration Diversified Income Fund
Form N-CSRS
June 26, 2008

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 811-21563

Eaton Vance Short Duration Diversified Income Fund
(Exact name of registrant as specified in charter)

The Eaton Vance Building, 255 State Street, Boston, Massachusetts
(Address of principal executive offices)

02109
(Zip code)

Maureen A. Gemma
The Eaton Vance Building, 255 State Street, Boston, Massachusetts 02109
(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 482-8260

Date of fiscal year end: October 31

Date of reporting period: April 30, 2008

Item 1. Reports to Stockholders

Semiannual Report April 30, 2008

EATON VANCE
SHORT
DURATION
DIVERSIFIED
INCOME
FUND

**IMPORTANT NOTICES REGARDING PRIVACY,
DELIVERY OF SHAREHOLDER DOCUMENTS,
PORTFOLIO HOLDINGS AND PROXY VOTING**

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 Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Boston Management and Research, and Eaton Vance Distributors, Inc.

In addition, our Privacy Policy only applies 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 adviser/broker-dealer, it is likely that only such adviser'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 (the "SEC") permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called "householding" and it helps eliminate duplicate mailings to shareholders.

Eaton Vance, or your financial adviser, may household the mailing of your documents indefinitely unless you instruct Eaton Vance, or your financial adviser, otherwise.

If you would prefer that your Eaton Vance documents not be househomed, please contact Eaton Vance at 1-800-262-1122, or contact your financial adviser.

Your instructions that householding not apply to delivery of your Eaton Vance documents will be effective within 30 days of receipt by Eaton Vance or your financial adviser.

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

Proxy Voting. From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds' and Portfolios' Boards. You may obtain a description of these policies and procedures and information on how the Fund or Portfolio 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. This description is also available on the SEC's website at www.sec.gov.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

INVESTMENT UPDATE

Payson F. Swaffield, CFA
Co-Portfolio Manager

Mark S. Venezia, CFA
Co-Portfolio Manager

Scott H. Page, CFA
Co-Portfolio Manager

Susan Schiff, CFA
Co-Portfolio Manager

Catherine C. McDermott
Co-Portfolio Manager

Christine Johnston, CFA
Co-Portfolio Manager

Economic and Market Conditions

- In the senior loan market, the price dislocation in the credit markets that began in the second half of 2007 worsened during the first quarter of 2008. What began as a reaction to the unrelated but growing subprime mortgage problem, grew into a substantial market wide sell off that affected not just the loan market but other fixed income and equity asset classes as well. The impact on the bank loan asset class was significant and unprecedented. Average loan prices, which had fallen about 4-5% by December 2007, declined a further 7-8% by mid-February before recovering somewhat by the end of that month. Along with the tentative return of market

confidence, loan prices have been rising since mid-March, and are up approximately 4-5% from their mid-February bottom. Management is cautiously optimistic that the worst is behind us and the market could possibly see continued price firming in the coming months ahead. Default rates in the marketplace have increased to 1%, but remain well below historical averages of 3%. While management believes that default rates are likely to rise beyond the currently low level, management also believes that, in certain instances, default risks are priced into the asset class.

- The six months ended April 30, 2008 was also one of the most volatile periods in decades for the mortgage-backed securities (MBS) market. During the period, seasoned MBS yield spreads widened approximately 100 basis points. The credit crunch, which began in 2007 as a result of problems associated with subprime lending, worsened in early 2008 amid declining home values and a weakening economy. As foreclosures surged among subprime borrowers, investors became increasingly risk-averse, even with respect to higher-quality, agency-backed MBS, and the MBS market reflected investor concerns. At mid-March, the financial markets began to stabilize, as the Federal Reserve (the Fed) initiated several unprecedented actions to inject liquidity into the credit markets. Those moves included a series of dramatic interest rate cuts, the introduction of innovative lending facilities and the rescue of troubled Bear Stearns. In the wake of the Fed's emergency actions, the MBS markets stabilized, although credit remained tight by historical standards.

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- The foreign markets were characterized by increasing volatility during the period amid the growing credit crisis and concerns over financial stability. While the global economy continued to generate growth, there were increasing concerns about inflation tied to soaring energy and food costs, as well as wariness about the impact of a slowing U.S. economy on global growth. Selected emerging bond markets fared well, posting stronger growth rates relative to developed countries. Western Europe continued to moderate, with inflation pushing above the European Central Bank's target zone. Many European countries outside the Eurozone generated faster growth rates. Commodity-rich Latin America experienced surging global demand for energy and materials. Central banks raised interest rates

Eaton Vance Short Duration Diversified Income Fund

Total Return Performance 10/31/07 - 4/30/08

| NYSE Symbol | EVG |
|--|-----------------|
| At Market(1) | 0.37% |
| At Net Asset Value (NAV)(1) | -1.05% |
| Lipper Global Income Funds Average (At NAV)(2) | 0.29% |
| Lipper Global Income Funds Average (At Share Price)(2) | 2.67% |
| Total Distributions per share | \$ 0.710 |
| Distribution Rate(3) | On NAV 8.10% |
| | On Market 8.96% |

Please refer to page 3 for additional performance information.

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- (1) Performance results reflect the effect of leverage resulting from the Fund's derivative instruments and the reinvestment of securities lending collateral.
 - (2) It is not possible to invest directly in a Lipper Classification. The Lipper total return is the average total return, at net asset value and at share price, of the funds that are in the same Lipper Classification as the Fund.
 - (3) The Distribution Rate is based on the Fund's most recent monthly distribution per share (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's monthly distributions may be comprised of ordinary income, net realized capital gains and return of capital.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or share price (as applicable) with all distributions reinvested. The Fund's performance at market share price will differ from its results at NAV. Although share price performance generally reflects investment results over time, during shorter periods, returns at share price can also be affected by factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for the Fund's 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 is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to www.eatonvance.com.

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.

to counter higher inflation in both regions. Asian interest rates remained relatively stable, as rising inflation was offset by concerns over slower global demand. The prolonged weakness of the U.S. dollar gave investors in foreign securities added returns from currency appreciation, with the Euro, the Polish Zloty, the Malaysian Ringgit registering especially noteworthy gains against the U.S. dollar.

Management Discussion

- The Fund's investment objective is to provide a high level of current income. In pursuing the Fund's objective, the Fund's investments have been allocated primarily to senior, secured loans, mortgage-backed securities (MBS) and foreign obligations.

- As of April 30, 2008, the Fund's senior loan holdings remained diversified with respect to industry, geography, and borrower. The largest industry holdings were healthcare, publishing and cable and satellite television. Most of these industries tended to be non-cyclical, and within each there was further diversity of individual borrowers and geography, with larger sized exposures possessing good capital structures, strong collateral value and attractive yield. Exposure to more highly cyclical industries, such as home builders, was minimal. There continued to be no exposure to subprime or mortgage lenders as of April 30, 2008. The Fund's exposure to senior, secured loans was a drag on performance for the six-month period.

- The Fund's seasoned MBS holdings contributed positively to its performance. Importantly, the declining bond yields outpaced the spread widening in this sector, producing positive returns for the six-month period. While the Fund's seasoned MBS felt the impact of the credit crunch, management believes that the underlying credit quality of this segment remains sound. Typically, the mortgages underlying seasoned MBS were originated in the 1980s or 1990s. Due to significant appreciation in home prices since that time, these mortgages typically have lower loan-to-value ratios, meaning that these homeowners have more equity in their homes than the average borrower. In addition, these securities are guaranteed by government agencies. All of these factors together place seasoned MBS among the highest quality securities in the U.S. fixed-income markets. Importantly, the Fund had no exposure to the subprime lending market or to non-agency MBS. The Fund increased its exposure to 10- and 15-year seasoned fixed-rate MBS. In the view of management, that segment represented the most undervalued area of the market from a relative value standpoint. Prepayment rates for the Fund's seasoned MBS remained in the mid-teens.

- The Fund's foreign investments consisted primarily of long and short forward currency contracts, foreign-denominated sovereign bonds and other derivatives. The Fund's exposure to emerging market currencies, through its investments in local debt and derivative instruments, was another positive contributor to the Fund's performance during the period.

- The Fund's largest Asian position remained Malaysia, with additional positions in Indonesia, India and the Philippines. Malaysia has been a standout in Asia, registering higher GDP growth and a rise in disposable income. While providing higher yields than China, Malaysia's currency, the Ringgit, has appreciated in concert with the

Chinese Renminbi.

- In Eastern Europe, Poland remained the Fund's largest position. Poland continued to benefit from strong wage growth and a favorable balance of payments helped by continuing remittances from abroad. A recent series of interest rate hikes have gained the government credibility in its fight against inflation.
- In Latin America, Brazil was the Fund's largest position. In addition to benefiting from rising commodity prices, Brazil's strong monetary policies have produced attractive yields and currency appreciation. The Fund's Brazilian position has benefited as Brazil's government has stabilized its economy in recent years, resulting in lower inflation, an accumulation of reserves and an inflow of capital trends that have resulted in a further appreciation of Brazil's currency.
- The Fund retained positions in small economies that are de-linked from global trends. The largest of these was in Egypt, which has enjoyed a favorable balance of payments due to increased tourism, rising Suez Canal transit fees and an infusion of petro-dollars. The government has given its non-independent central bank the leeway to let its currency, the Egyptian Pound, appreciate in an effort to fight inflation—a move that has helped the Fund's position. Elsewhere, the Fund had a large short position in South Africa. Plagued with slow growth and high inflation, the country's mining and manufacturing base has been constrained by energy brownouts.

The views expressed throughout this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. These views are subject to change at any time based upon market or other conditions, and the investment adviser disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a fund are based on many factors, may not be relied on as an indication of trading intent on behalf of any Eaton Vance fund. Portfolio information provided in the report may not be representative of the Fund's current or future investments and may change due to active management.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

FUND PERFORMANCE

- The Fund employs leverage through the use of derivative instruments and reinvestment of securities lending collateral. Due to liquidity constraints during the period, the Fund lowered its leverage through securities lending, resulting in a decline in economic leverage from approximately 54% at October 31, 2007 to approximately 47% of total leveraged assets at April 30, 2008. The Fund's leverage was comprised of approximately 11% through securities lending and approximately 36% through derivative instruments. Use of leverage creates an opportunity for increased total return but, at the same time, creates special risks (including the likelihood of greater volatility of net asset value and market price).
- Effective January 30, 2008, Catherine C. McDermott assumed co-portfolio management responsibilities for Eaton Vance Short Duration Diversified Income Fund. Ms. McDermott joined Eaton Vance in 2000 as a senior financial analyst and Vice President. Previously, Ms. McDermott was a principal and analyst with CypressTree Investment Management in Boston and Financial Security Assurance in New York.

Performance(1)

New York Stock Exchange Symbol

EVG

Average Annual Total Returns (by share price, NYSE)

| | |
|------------------------|-------|
| Six Months | 0.37% |
| One Year | -8.58 |
| Life of Fund (2/28/05) | 2.06 |

Average Annual Total Returns (at net asset value)

| | |
|------------------------|--------|
| Six Months | -1.05% |
| One Year | 2.63 |
| Life of Fund (2/28/05) | 5.36 |

(1) Performance results reflect the effects of leverage.

Fund Composition

Fund Allocations(2)

By total leveraged assets

-
- (2) Fund Allocations are as of 4/30/08 and are as a percentage of the Fund's total leveraged assets. Total leveraged assets include all assets of the Fund (including those acquired with financial leverage), the notional value of long and short forward foreign currency contracts and other foreign obligations derivatives held by the Fund. Fund Allocations as a percentage of the Fund's net assets amounted to 189.0% as of 4/30/08. Fund Allocations are subject to change due to active management. Please refer to definition of total leveraged assets within the Notes to Financial Statements included herein.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or share price (as applicable) with all distributions reinvested. The Fund's performance at market share price will differ from its results at NAV. Although share price performance generally reflects investment results over time, during shorter periods, returns at share price can also be affected by factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for the Fund's 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 is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to www.eatonvance.com.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited)

| Senior Floating-Rate Interests 48.4% | Principal Amount* | Borrower/Tranche Description | Value |
|---|-------------------|---|--------------|
| Aerospace and Defense 0.6% | | | |
| ACTS Aero Technical Support & Service, Inc. | | Term Loan, 5.96%, Maturing October 5, 2014 | \$ 157,730 |
| | 187,773 | | |
| DAE Aviation Holdings, Inc. | | Term Loan, 6.52%, Maturing July 31, 2014 | 113,063 |
| | 114,894 | | |
| | 114,122 | Term Loan, 6.65%, Maturing July 31, 2014 | 112,303 |
| Evergreen International Aviation | | Term Loan, 7.75%, Maturing October 31, 2011 | 235,914 |
| | 265,072 | | |
| Hexcel Corp. | | Term Loan, 4.54%, Maturing March 1, 2012 | 377,006 |
| | 388,666 | | |
| Vought Aircraft Industries, Inc. | | Term Loan, 4.95%, Maturing December 17, 2011 | 169,924 |
| | 181,818 | | |
| | 793,155 | Term Loan, 5.12%, Maturing December 17, 2011 | 749,201 |
| | | | \$ 1,915,141 |
| Air Transport 0.4% | | | |
| Delta Air Lines, Inc. | | Term Loan, 6.15%, Maturing April 30, 2014 | \$ 277,900 |
| | 347,375 | | |
| Northwest Airlines, Inc. | | DIP Loan, 4.72%, Maturing August 21, 2008 | 953,421 |
| | 1,094,000 | | |
| | | | \$ 1,231,321 |
| Automotive 3.6% | | | |
| Accuride Corp. | | Term Loan, 6.24%, Maturing January 31, 2012 | \$ 519,611 |
| | 535,682 | | |
| Adesa, Inc. | | Term Loan, 4.95%, Maturing October 18, 2013 | 872,733 |
| | 918,063 | | |
| Affina Group, Inc. | | Term Loan, 5.90%, Maturing November 30, 2011 | 752,702 |
| | 845,732 | | |
| Allison Transmission, Inc. | | Term Loan, 5.57%, Maturing September 30, 2014 | 771,549 |
| | 820,875 | | |
| ATU AFM Auto Holding GmbH & Co. | | Term Loan, 7.93%, Maturing August 20, 2013 | 779,423 |
| EUR | 750,000 | | |
| AxleTech International Holding, Inc. | | Term Loan, 9.19%, Maturing April 21, 2013 | 393,125 |
| | 425,000 | | |
| Chrysler Financial | | Term Loan, 6.80%, Maturing August 1, 2014 | 455,176 |
| | 498,747 | | |

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| | | | |
|--------------------------------------|-----------|---|---------------|
| Dayco Europe S.R.I. | | | |
| EUR | 364,551 | Term Loan, 8.55%, Maturing June 21, 2010 | 524,662 |
| Dayco Products, LLC | | | |
| | 496,519 | Term Loan, 7.35%, Maturing June 21, 2011 | 392,871 |
| Delphi Corp. | | | |
| | 1,000,000 | DIP Loan, 6.38%, Maturing July 1, 2008 | 965,938 |
| Principal Amount* | | | |
| | | Borrower/Tranche Description | Value |
| Automotive (continued) | | | |
| Ford Motor Co. | | | |
| | 493,750 | Term Loan, 5.80%, Maturing December 15, 2013 | \$ 454,944 |
| General Motors Corp. | | | |
| | 913,412 | Term Loan, 5.06%, Maturing November 29, 2013 | 860,463 |
| Goodyear Tire & Rubber Co. | | | |
| | 675,000 | Term Loan, 4.54%, Maturing April 30, 2010 | 641,250 |
| HLI Operating Co., Inc. | | | |
| EUR | 27,273 | Term Loan, 4.26%, Maturing May 30, 2014 | 36,941 |
| EUR | 1,320,327 | Term Loan, 7.39%, Maturing May 30, 2014 | 1,788,387 |
| Keystone Automotive Operations, Inc. | | | |
| | 239,545 | Term Loan, 6.30%, Maturing January 12, 2012 | 192,834 |
| LKQ Corp. | | | |
| | 249,039 | Term Loan, 4.97%, Maturing October 12, 2014 | 247,171 |
| TriMas Corp. | | | |
| | 1,070,313 | Term Loan, 5.39%, Maturing August 2, 2011 | 990,039 |
| | 300,117 | Term Loan, 5.16%, Maturing August 2, 2013 | 277,608 |
| | | | \$ 11,917,427 |
| Beverage and Tobacco 0.3% | | | |
| Culligan International Co. | | | |
| EUR | 300,000 | Term Loan, 9.12%, Maturing May 31, 2013 | \$ 249,882 |
| Liberator Midco, Ltd. | | | |
| EUR | 250,000 | Term Loan, 7.02%, Maturing October 27, 2013 | 373,934 |
| EUR | 250,000 | Term Loan, 7.39%, Maturing October 27, 2014 | 373,934 |
| | | | \$ 997,750 |
| Building and Development 1.5% | | | |
| Brickman Group Holdings, Inc. | | | |
| | 600,000 | Term Loan, Maturing January 23, 2014 ⁽²⁾ | \$ 562,500 |
| Building Materials Corp. of America | | | |
| | 395,025 | Term Loan, 5.69%, Maturing February 22, 2014 | 332,479 |
| Epco/Fantome, LLC | | | |
| | 460,000 | Term Loan, 5.49%, Maturing November 23, 2010 | 399,763 |
| Hovstone Holdings, LLC | | | |

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| | | | |
|-----------------------------------|---------|--|---------|
| | 132,500 | Term Loan, 7.27%, Maturing February 28, 2009 | 111,194 |
| LNR Property Corp. | | | |
| | 704,000 | Term Loan, 6.36%, Maturing July 3, 2011 | 589,380 |
| Panolam Industries Holdings, Inc. | | | |
| | 155,749 | Term Loan, 5.44%, Maturing September 30, 2012 | 129,272 |
| PLY GEM Industries, Inc. | | | |
| | 524,887 | Term Loan, 5.45%, Maturing August 15, 2011 | 452,340 |
| | 16,417 | Term Loan, 5.45%, Maturing August 15, 2011 | 14,148 |

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | Borrower/Tranche Description | Value |
|--------------------------------------|--|--------------|
| Building and Development (continued) | | |
| Realogy Corp. | | |
| 257,899 | Term Loan, 5.99%, Maturing September 1, 2014 | \$ 221,350 |
| 957,913 | Term Loan, 5.72%, Maturing September 1, 2014 | 822,159 |
| TRU 2005 RE Holding Co. | | |
| 575,000 | Term Loan, 5.71%, Maturing December 9, 2008 | 531,875 |
| United Subcontractors, Inc. | | |
| 250,000 | Term Loan, 12.21%, Maturing June 27, 2013 ⁽⁸⁾ | 125,000 |
| Wintergames Acquisition ULC | | |
| 738,694 | Term Loan, 6.14%, Maturing April 24, 2009 | 703,606 |
| | | \$ 4,995,066 |
| Business Equipment and Services 2.9% | | |
| Axiom Corp. | | |
| 488,995 | Term Loan, 5.80%, Maturing September 15, 2012 | \$ 477,382 |
| Affinion Group, Inc. | | |
| 908,129 | Term Loan, 5.56%, Maturing October 17, 2012 | 858,182 |
| Allied Security Holdings, LLC | | |
| 354,242 | Term Loan, 5.87%, Maturing June 30, 2010 | 331,216 |
| Education Management, LLC | | |
| 433,534 | Term Loan, 4.50%, Maturing June 1, 2013 | 387,742 |
| Info USA, Inc. | | |
| 195,525 | Term Loan, 4.70%, Maturing February 14, 2012 | 187,704 |
| Intergraph Corp. | | |
| 421,020 | Term Loan, 5.08%, Maturing May 29, 2014 | 398,215 |
| Mitchell International, Inc. | | |
| 193,038 | Term Loan, 4.67%, Maturing March 28, 2014 | 184,592 |
| N.E.W. Holdings I, LLC | | |
| 270,038 | Term Loan, 5.43%, Maturing May 22, 2014 | 231,895 |
| Protection One, Inc. | | |
| 191,997 | Term Loan, 5.23%, Maturing March 31, 2012 | 166,078 |
| Sabre, Inc. | | |
| 1,364,593 | Term Loan, 4.88%, Maturing September 30, 2014 | 1,158,285 |
| Sitel (Client Logic) | | |
| 292,041 | Term Loan, 5.14%, Maturing January 29, 2014 | 211,730 |
| SunGard Data Systems, Inc. | | |
| 1,925,463 | | 1,828,534 |

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| Principal Amount* | Borrower/Tranche Description | Value |
|---|--|--------------|
| | Term Loan, 4.88%, Maturing February 11, 2013 | |
| TDS Investor Corp. | | |
| EUR | Term Loan, 6.98%, Maturing August 23, 2013 | 730,611 |
| 525,796 | | |
| Valassis Communications, Inc. | | |
| | Term Loan, 4.45%, Maturing March 2, 2014 | 476,364 |
| 510,618 | | |
| | Term Loan, 6.00%, Maturing March 2, 2014 | 106,844 |
| 114,527 | | |
| VWR International, Inc. | | |
| | Term Loan, 5.20%, Maturing June 28, 2013 | 420,750 |
| 450,000 | | |
| Business Equipment and Services (continued) | | |
| WAM Acquisition, S.A. | | |
| EUR | Term Loan, 6.96%, Maturing May 4, 2014 | \$ 224,173 |
| 153,716 | | |
| EUR | Term Loan, 6.96%, Maturing May 4, 2014 | 135,754 |
| 93,087 | | |
| EUR | Term Loan, 7.21%, Maturing May 4, 2015 | 224,173 |
| 153,716 | | |
| EUR | Term Loan, 7.21%, Maturing May 4, 2015 | 135,754 |
| 93,087 | | |
| West Corp. | | |
| | Term Loan, 5.28%, Maturing October 24, 2013 | 633,614 |
| 691,267 | | |
| | | \$ 9,509,592 |
| Cable and Satellite Television 3.5% | | |
| Cequel Communications, LLC | | |
| | Term Loan, 7.74%, Maturing May 5, 2014 | \$ 385,937 |
| 475,000 | | |
| | Term Loan, 9.24%, Maturing May 5, 2014 | 812,103 |
| 1,017,673 | | |
| Charter Communications Operating, Inc. | | |
| | Term Loan, 4.90%, Maturing April 28, 2013 | 1,760,020 |
| 1,986,853 | | |
| CW Media Holdings, Inc. | | |
| | Term Loan, 5.95%, Maturing February 15, 2015 | 193,030 |
| 199,000 | | |
| Insight Midwest Holdings, LLC | | |
| | Term Loan, 4.69%, Maturing April 6, 2014 | 981,399 |
| 1,029,375 | | |
| Kabel Deutschland GmbH | | |
| EUR | Term Loan, 6.14%, Maturing March 31, 2012 | 1,448,566 |
| 1,000,000 | | |
| Orion Cable GmbH | | |
| EUR | Term Loan, 7.44%, Maturing October 31, 2014 | 554,541 |
| 375,000 | | |
| EUR | Term Loan, 7.64%, Maturing October 31, 2015 | 554,959 |
| 375,000 | | |
| ProSiebenSat.1 Media AG | | |
| EUR | Term Loan, 6.77%, Maturing March 2, 2015 | 102,786 |
| 91,800 | | |
| EUR | Term Loan, 6.25%, Maturing June 26, 2015 | 12,014 |
| 9,415 | | |
| EUR | Term Loan, 6.25%, Maturing June 26, 2015 | 296,015 |
| 231,985 | | |
| EUR | Term Loan, 7.02%, Maturing March 2, 2016 | 102,786 |
| 91,800 | | |

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UPC Broadband Holding B.V.

| | | | |
|-----|-----------|---|-----------|
| EUR | 1,150,000 | Term Loan, 6.36%, Maturing October 16, 2011 | 1,631,758 |
| | 1,550,000 | Term Loan, 4.46%, Maturing December 31, 2014 | 1,461,360 |

YPSO Holding SA

| | | | |
|-----|---------|---|---------------|
| EUR | 496,137 | Term Loan, 6.89%, Maturing July 28, 2014 | 636,830 |
| EUR | 191,468 | Term Loan, 6.89%, Maturing July 28, 2014 | 245,764 |
| EUR | 312,395 | Term Loan, 6.89%, Maturing July 28, 2014 | 400,983 |
| | | | \$ 11,580,851 |

Chemicals and Plastics 2.2%

Brenntag Holding GmbH and Co.

| | | | |
|-----|-----------|---|--------------|
| EUR | 1,061,751 | Term Loan, 8.52%, Maturing December 23, 2013 | \$ 1,396,819 |
|-----|-----------|---|--------------|

Cognis GmbH

| | | | |
|--|---------|--|---------|
| | 400,000 | Term Loan, 4.80%, Maturing September 15, 2013 | 361,500 |
|--|---------|--|---------|

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | Borrower/Tranche Description | Value |
|-------------------------------------|--|--------------|
| Chemicals and Plastics (continued) | | |
| Foamex L.P. | | |
| 211,265 | Term Loan, 5.97%, Maturing February 12, 2013 | \$ 174,822 |
| Georgia Gulf Corp. | | |
| 212,633 | Term Loan, 5.25%, Maturing October 3, 2013 | 201,204 |
| INEOS Group | | |
| 240,000 | Term Loan, 4.88%, Maturing December 14, 2013 | 224,475 |
| 240,000 | Term Loan, 5.38%, Maturing December 14, 2014 | 224,475 |
| Innophos, Inc. | | |
| 437,248 | Term Loan, 4.70%, Maturing August 10, 2010 | 414,293 |
| Kleopatra | | |
| 225,000 | Term Loan, 5.21%, Maturing January 3, 2016 | 162,281 |
| EUR 200,000 | Term Loan, 7.24%, Maturing January 3, 2016 | 224,388 |
| Kranton Polymers, LLC | | |
| 651,010 | Term Loan, 4.75%, Maturing May 12, 2013 | 544,407 |
| Lucite International Group Holdings | | |
| 181,875 | Term Loan, 5.15%, Maturing July 7, 2013 | 163,119 |
| 64,399 | Term Loan, 5.15%, Maturing July 7, 2013 | 57,758 |
| MacDermid, Inc. | | |
| EUR 403,596 | Term Loan, 6.98%, Maturing April 12, 2014 | 556,097 |
| Millenium Inorganic Chemicals | | |
| 300,000 | Term Loan, 8.45%, Maturing October 31, 2014 | 229,500 |
| Propex Fabrics, Inc. | | |
| 235,192 | Term Loan, 9.24%, Maturing July 31, 2012 | 152,875 |
| Rockwood Specialties Group | | |
| EUR 1,455,000 | Term Loan, 6.60%, Maturing July 30, 2012 | 2,112,382 |
| | | \$ 7,200,395 |
| Clothing / Textiles 0.1% | | |
| Hanesbrands, Inc. | | |
| 250,000 | Term Loan, 6.66%, Maturing March 5, 2014 | \$ 248,437 |
| St. John Knits International, Inc. | | |
| 115,533 | Term Loan, 5.90%, Maturing March 23, 2012 | 106,290 |
| | | \$ 354,727 |
| Conglomerates 1.6% | | |
| Doncasters (Dunde HoldCo 4 Ltd.) | | |
| 124,984 | | \$ 109,049 |

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| | | | |
|------------------------------------|-----------|--|--------------|
| | | Term Loan, 5.22%, Maturing July 13, 2015 | |
| | 124,984 | Term Loan, 5.72%, Maturing July 13, 2015 | 109,049 |
| GBP | 250,000 | Term Loan, 10.04%, Maturing January 13, 2016 | 408,488 |
| ISS Holdings A/S | | | |
| EUR | 122,807 | Term Loan, 6.65%, Maturing December 31, 2013 | 178,600 |
| EUR | 877,193 | Term Loan, 6.65%, Maturing December 31, 2013 | 1,275,712 |
| Jarden Corp. | | | |
| | 203,873 | Term Loan, 4.45%, Maturing January 24, 2012 | 194,373 |
| | 498,744 | Term Loan, 5.20%, Maturing January 24, 2012 | 488,947 |
| Principal Amount* | | Borrower/Tranche Description | Value |
| Conglomerates (continued) | | | |
| Polymer Group, Inc. | | | |
| | 1,215,905 | Term Loan, 4.92%, Maturing November 22, 2012 | \$ 1,082,156 |
| RGIS Holdings, LLC | | | |
| | 42,536 | Term Loan, 5.20%, Maturing April 30, 2014 | 36,873 |
| | 850,714 | Term Loan, 5.30%, Maturing April 30, 2014 | 737,463 |
| US Investigations Services, Inc. | | | |
| | 522,368 | Term Loan, 5.60%, Maturing February 21, 2015 | 474,049 |
| Vertrue, Inc. | | | |
| | 248,750 | Term Loan, 5.70%, Maturing August 16, 2014 | 225,119 |
| | | | \$ 5,319,878 |
| Containers and Glass Products 1.8% | | | |
| Berry Plastics Corp. | | | |
| | 540,759 | Term Loan, 5.10%, Maturing April 3, 2015 | \$ 492,260 |
| Consolidated Container Co. | | | |
| | 321,750 | Term Loan, 5.15%, Maturing March 28, 2014 | 252,172 |
| Crown Americas, Inc. | | | |
| EUR | 980,000 | Term Loan, 6.09%, Maturing November 15, 2012 | 1,479,989 |
| JSG Acquisitions | | | |
| EUR | 500,000 | Term Loan, 6.51%, Maturing December 31, 2014 | 737,365 |
| EUR | 500,000 | Term Loan, 6.65%, Maturing December 31, 2014 | 737,365 |
| Pregis Corp. | | | |
| | 975,000 | Term Loan, 4.95%, Maturing October 12, 2011 | 906,750 |
| Smurfit-Stone Container Corp. | | | |
| | 428,496 | Term Loan, 2.50%, Maturing November 1, 2010 | 417,891 |
| | 244,516 | Term Loan, 5.01%, Maturing November 1, 2011 | 238,464 |
| | 723,500 | Term Loan, 5.03%, Maturing November 1, 2011 | 705,594 |
| | | | \$ 5,967,850 |
| Cosmetics / Toiletries 0.2% | | | |

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Bausch & Lomb, Inc.

| | | |
|---------|--|-----------|
| 40,000 | Term Loan, 3.60%, Maturing April 30, 2015 ⁽³⁾ | \$ 39,560 |
| 159,600 | Term Loan, 5.95%, Maturing April 30, 2015 | 157,846 |

Prestige Brands, Inc.

| | | |
|---------|--|------------|
| 579,161 | Term Loan, 6.90%, Maturing April 7, 2011 | 560,338 |
| | | \$ 757,744 |

Drugs 0.4%

Pharmaceutical Holdings Corp.

| | | |
|---------|---|------------|
| 140,826 | Term Loan, 6.14%, Maturing January 30, 2012 | \$ 133,785 |
|---------|---|------------|

Stiefel Laboratories, Inc.

| | | |
|---------|--|---------|
| 160,489 | Term Loan, 4.97%, Maturing December 28, 2013 | 154,871 |
| 209,824 | Term Loan, 4.97%, Maturing December 28, 2013 | 202,480 |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | Borrower/Tranche Description | Value |
|--|--|--------------|
| Drugs (continued) | | |
| Warner Chilcott Corp. | | |
| 184,671 | Term Loan, 4.73%, Maturing January 18, 2012 | \$ 177,822 |
| 536,908 | Term Loan, 4.84%, Maturing January 18, 2012 | 516,998 |
| | | \$ 1,185,956 |
| Ecological Services and Equipment 0.6% | | |
| Big Dumpster Merger Sub, Inc. | | |
| 97,283 | Term Loan, 4.95%, Maturing February 5, 2013 | \$ 82,204 |
| Blue Waste B.V. (AVR Acquisition) | | |
| EUR 500,000 | Term Loan, 6.87%, Maturing April 1, 2015 | 713,741 |
| Sensus Metering Systems, Inc. | | |
| 359,361 | Term Loan, 5.46%, Maturing December 17, 2010 | 323,425 |
| 24,789 | Term Loan, 6.88%, Maturing December 17, 2010 | 22,310 |
| Waste Services, Inc. | | |
| 422,420 | Term Loan, 5.15%, Maturing March 31, 2011 | 419,252 |
| Wastequip, Inc. | | |
| 400,217 | Term Loan, 4.95%, Maturing February 5, 2013 | 338,183 |
| | | \$ 1,899,115 |
| Electronics / Electrical 2.1% | | |
| Aspect Software, Inc. | | |
| 506,892 | Term Loan, 5.63%, Maturing July 11, 2011 | \$ 475,211 |
| 500,000 | Term Loan, 9.75%, Maturing July 11, 2013 | 430,000 |
| Freescale Semiconductor, Inc. | | |
| 1,209,688 | Term Loan, 4.46%, Maturing December 1, 2013 | 1,051,054 |
| Infor Enterprise Solutions Holdings | | |
| 744,379 | Term Loan, 6.45%, Maturing July 28, 2012 | 618,765 |
| 388,371 | Term Loan, 6.45%, Maturing July 28, 2012 | 322,834 |
| 250,000 | Term Loan, 8.20%, Maturing March 2, 2014 | 162,917 |
| 91,667 | Term Loan, 8.95%, Maturing March 2, 2014 | 55,458 |
| 158,333 | Term Loan, 8.95%, Maturing March 2, 2014 | 103,181 |
| Invensys International Holding | | |
| EUR 650,000 | Term Loan, 6.48%, Maturing December 15, 2010 | 976,566 |
| Network Solutions, LLC | | |
| 206,866 | Term Loan, 5.24%, Maturing March 7, 2014 | 172,733 |
| Open Solutions, Inc. | | |

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| | | | |
|--------------------------------------|---------|---|--------------|
| | 321,807 | Term Loan, 5.15%, Maturing January 23, 2014 | 267,703 |
| Sensata Technologies Finance Co. | | | |
| | 989,924 | Term Loan, 4.66%, Maturing April 27, 2013 | 904,131 |
| Spectrum Brands, Inc. | | | |
| | 16,486 | Term Loan, 2.56%, Maturing March 30, 2013 | 15,105 |
| | 327,303 | Term Loan, 6.89%, Maturing March 30, 2013 | 299,891 |
| SS&C Technologies, Inc. | | | |
| | 397,671 | Term Loan, 4.83%, Maturing November 23, 2012 | 369,834 |
| Principal Amount* | | | |
| | | Borrower/Tranche Description | Value |
| Electronics / Electrical (continued) | | | |
| Vertafore, Inc. | | | |
| | 491,297 | Term Loan, 5.59%, Maturing January 31, 2012 | \$ 454,450 |
| | 275,000 | Term Loan, 9.09%, Maturing January 31, 2013 | 240,625 |
| | | | \$ 6,920,458 |
| Equipment Leasing 0.3% | | | |
| AWAS Capital, Inc. | | | |
| | 591,833 | Term Loan, 8.63%, Maturing March 22, 2013 | \$ 517,854 |
| Maxim Crane Works, L.P. | | | |
| | 248,125 | Term Loan, 4.71%, Maturing June 29, 2014 | 220,831 |
| United Rentals, Inc. | | | |
| | 77,260 | Term Loan, 2.60%, Maturing February 14, 2011 | 75,393 |
| | 182,719 | Term Loan, 5.10%, Maturing February 14, 2011 | 178,303 |
| | | | \$ 992,381 |
| Farming / Agriculture 0.1% | | | |
| BF Bolthouse HoldCo, LLC | | | |
| | 375,000 | Term Loan, 8.20%, Maturing December 16, 2013 | \$ 348,750 |
| | | | \$ 348,750 |
| Financial Intermediaries 0.3% | | | |
| Jupiter Asset Management Group | | | |
| GBP | 220,143 | Term Loan, 7.84%, Maturing June 30, 2015 | \$ 375,508 |
| LPL Holdings, Inc. | | | |
| | 498,741 | Term Loan, 4.70%, Maturing December 18, 2014 | 465,076 |
| Traveler America Holdings, Inc. | | | |
| | 125,000 | Term Loan, 5.54%, Maturing October 31, 2013 | 116,562 |
| | 125,000 | Term Loan, 6.04%, Maturing October 31, 2014 | 116,562 |
| | | | \$ 1,073,708 |
| Food Products 2.4% | | | |
| Acosta, Inc. | | | |
| | 614,063 | Term Loan, 5.12%, Maturing July 28, 2013 | \$ 585,662 |
| Advantage Sales & Marketing, Inc. | | | |
| | 990,831 | | 936,335 |

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Term Loan, 4.70%, Maturing March
29, 2013

American Seafoods Group, LLC

683,900

Term Loan, 4.36%, Maturing
September 30, 2011

636,027

BL Marketing, Ltd.

GBP

300,000

Term Loan, 8.41%, Maturing
December 20, 2013

561,486

GBP

300,000

Term Loan, 8.91%, Maturing
December 20, 2014

561,486

Black Lion Beverages III B.V.

EUR

1,000,000

Term Loan, 8.92%, Maturing
January 24, 2016

1,341,853

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | | Borrower/Tranche Description | Value |
|---------------------------------|-----------|--|--------------|
| Food Products (continued) | | | |
| Charden International B.V. | | | |
| EUR | 243,802 | Term Loan, 6.90%, Maturing March 14, 2014 | \$ 356,485 |
| EUR | 243,802 | Term Loan, 7.40%, Maturing March 14, 2015 | 356,484 |
| Michael Foods, Inc. | | | |
| | 197,824 | Term Loan, 6.70%, Maturing November 21, 2010 | 192,878 |
| Pinnacle Foods Finance, LLC | | | |
| | 1,066,938 | Term Loan, 5.44%, Maturing April 2, 2014 | 998,031 |
| Reddy Ice Group, Inc. | | | |
| | 925,000 | Term Loan, 4.46%, Maturing August 9, 2012 | 800,125 |
| Ruby Acquisitions, Ltd. | | | |
| GBP | 441,631 | Term Loan, 8.58%, Maturing January 5, 2015 | 763,152 |
| | | | \$ 8,090,004 |
| Food Service 1.1% | | | |
| Aramark Corp. | | | |
| GBP | 543,125 | Term Loan, 8.13%, Maturing January 27, 2014 | \$ 1,011,145 |
| Buffets, Inc. | | | |
| | 269,371 | DIP Loan, 11.25%, Maturing January 22, 2009 | 270,045 |
| | 52,500 | Term Loan, 4.73%, Maturing May 1, 2013 | 30,384 |
| | 393,017 | Term Loan, 11.39%, Maturing November 1, 2013 | 227,458 |
| Denny's, Inc. | | | |
| | 37,000 | Term Loan, 2.70%, Maturing March 31, 2012 | 35,057 |
| | 150,000 | Term Loan, 4.70%, Maturing March 31, 2012 | 142,125 |
| JRD Holdings, Inc. | | | |
| | 615,856 | Term Loan, 5.20%, Maturing June 26, 2014 | 594,301 |
| OSI Restaurant Partners, LLC | | | |
| | 18,797 | Term Loan, 2.67%, Maturing May 9, 2013 | 16,408 |
| | 221,800 | Term Loan, 5.00%, Maturing May 9, 2014 | 193,613 |
| QCE Finance, LLC | | | |
| | 275,000 | Term Loan, 8.45%, Maturing November 5, 2013 | 222,292 |
| Selecta | | | |
| EUR | 741,246 | Term Loan, 7.14%, Maturing June 28, 2015 | 1,009,790 |
| | | | \$ 3,752,618 |
| Food / Drug Retailers 0.9% | | | |
| General Nutrition Centers, Inc. | | | |

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| | | | |
|-------------------------------------|-----------|--|--------------|
| | 795,741 | Term Loan, 4.95%, Maturing September 16, 2013 | \$ 707,712 |
| Iceland Foods Group, Ltd. | | | |
| GBP | 250,000 | Term Loan, 7.91%, Maturing May 2, 2014 | 465,017 |
| GBP | 250,000 | Term Loan, 8.41%, Maturing May 2, 2015 | 465,429 |
| Roundy's Supermarkets, Inc. | | | |
| | 1,304,022 | Term Loan, 5.47%, Maturing November 3, 2011 | 1,224,476 |
| | | | \$ 2,862,634 |
| Principal Amount* | | | |
| | | Borrower/Tranche Description | Value |
| Forest Products 0.1% | | | |
| Newpage Corp. | | | |
| | 374,063 | Term Loan, 6.31%, Maturing December 5, 2014 | \$ 372,400 |
| | | | \$ 372,400 |
| Healthcare 4.0% | | | |
| Accellent, Inc. | | | |
| | 1,010,714 | Term Loan, 5.84%, Maturing November 22, 2012 | \$ 878,058 |
| American Medical Systems | | | |
| | 397,671 | Term Loan, 5.38%, Maturing July 20, 2012 | 376,793 |
| AMR HoldCo, Inc. | | | |
| | 319,415 | Term Loan, 5.00%, Maturing February 10, 2012 | 303,445 |
| Biomet, Inc. | | | |
| | 771,125 | Term Loan, 5.70%, Maturing December 26, 2014 | 757,791 |
| EUR | 348,250 | Term Loan, 7.73%, Maturing December 26, 2014 | 518,243 |
| Cardinal Health 409, Inc. | | | |
| | 421,813 | Term Loan, 4.95%, Maturing April 10, 2014 | 376,468 |
| Carestream Health, Inc. | | | |
| | 942,971 | Term Loan, 5.47%, Maturing April 30, 2013 | 803,882 |
| Carl Zeiss Vision Holding GmbH | | | |
| | 400,000 | Term Loan, 5.14%, Maturing March 23, 2015 | 302,000 |
| Community Health Systems, Inc. | | | |
| | 58,074 | Term Loan, 0.00%, Maturing July 25, 2014 ⁽³⁾ | 55,717 |
| | 1,134,810 | Term Loan, 5.34%, Maturing July 25, 2014 | 1,088,763 |
| Dako EQT Project Delphi | | | |
| | 250,000 | Term Loan, 6.44%, Maturing December 12, 2016 | 202,150 |
| DJO Finance, LLC | | | |
| | 199,500 | Term Loan, 5.70%, Maturing May 15, 2014 | 194,762 |
| HCA, Inc. | | | |
| | 928,150 | Term Loan, 4.95%, Maturing November 18, 2013 | 882,947 |
| Health Management Association, Inc. | | | |
| | 1,091,572 | Term Loan, 4.45%, Maturing February 28, 2014 | 1,010,093 |
| IM U.S. Holdings, LLC | | | |

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| | | | |
|--------------------------------|---------|--|---------|
| | 322,563 | Term Loan, 4.67%, Maturing June 26, 2014 | 299,445 |
| Invacare Corp. | | | |
| | 213,450 | Term Loan, 5.14%, Maturing February 12, 2013 | 199,042 |
| LifeCare Holdings, Inc. | | | |
| | 219,375 | Term Loan, 6.95%, Maturing August 11, 2012 | 189,759 |
| MultiPlan Merger Corp. | | | |
| | 485,352 | Term Loan, 5.38%, Maturing April 12, 2013 | 458,506 |
| National Mentor Holdings, Inc. | | | |
| | 16,800 | Term Loan, 3.16%, Maturing June 29, 2013 | 14,448 |
| | 278,244 | Term Loan, 4.70%, Maturing June 29, 2013 | 239,290 |
| Nyco Holdings | | | |
| EUR | 307,765 | Term Loan, 6.98%, Maturing December 29, 2014 | 406,754 |
| EUR | 307,765 | Term Loan, 7.73%, Maturing December 29, 2015 | 406,754 |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | | Borrower/Tranche Description | Value |
|--|---------|--|---------------|
| Healthcare (continued) | | | |
| P&F Capital S.A.R.L. | | | |
| EUR | 209,223 | Term Loan, 7.34%, Maturing February 21, 2014 | \$ 313,525 |
| EUR | 65,049 | Term Loan, 7.34%, Maturing February 21, 2014 | 97,476 |
| EUR | 125,235 | Term Loan, 7.34%, Maturing February 21, 2014 | 187,666 |
| EUR | 100,494 | Term Loan, 7.34%, Maturing February 21, 2014 | 150,591 |
| EUR | 94,595 | Term Loan, 7.84%, Maturing February 21, 2015 | 142,120 |
| EUR | 35,135 | Term Loan, 7.84%, Maturing February 21, 2015 | 52,787 |
| EUR | 72,973 | Term Loan, 7.84%, Maturing February 21, 2015 | 109,635 |
| EUR | 297,297 | Term Loan, 7.84%, Maturing February 21, 2015 | 446,662 |
| ReAble Therapeutics Finance, LLC | | | |
| | 449,697 | Term Loan, 4.70%, Maturing November 16, 2013 | 424,683 |
| Select Medical Corp. | | | |
| | 495,358 | Term Loan, 4.63%, Maturing February 24, 2012 | 453,748 |
| Select Medical Corp. | | | |
| | 482,881 | Term Loan, 5.06%, Maturing February 24, 2012 | 442,319 |
| Viant Holdings, Inc. | | | |
| | 497,494 | Term Loan, 4.95%, Maturing June 25, 2014 | 422,870 |
| | | | \$ 13,209,192 |
| Home Furnishings 0.4% | | | |
| Interline Brands, Inc. | | | |
| | 277,663 | Term Loan, 4.61%, Maturing June 23, 2013 | \$ 262,392 |
| | 191,848 | Term Loan, 4.61%, Maturing June 23, 2013 | 181,296 |
| Oreck Corp. | | | |
| | 447,185 | Term Loan, 7.66%, Maturing February 2, 2012 ⁽⁸⁾ | 208,388 |
| Simmons Co. | | | |
| | 806,601 | Term Loan, 5.61%, Maturing December 19, 2011 | 725,941 |
| | | | \$ 1,378,017 |
| Industrial Equipment 1.4% | | | |
| Brand Energy and Infrastructure Services, Inc. | | | |
| | 198,120 | Term Loan, 6.02%, Maturing February 7, 2014 | \$ 178,803 |
| CEVA Group PLC U.S. | | | |
| | 262,114 | Term Loan, 5.70%, Maturing January 4, 2014 | 237,869 |
| | 266,408 | Term Loan, 5.72%, Maturing January 4, 2014 | 244,429 |

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| | | | |
|--|---------|---|--------------|
| | 762,419 | Term Loan, 5.86%, Maturing January 4, 2014 | 699,520 |
| EPD Holdings (Goodyear Engineering Products) | | | |
| | 87,281 | Term Loan, 5.37%, Maturing July 13, 2014 | 72,334 |
| | 609,438 | Term loan, 5.40%, Maturing July 13, 2014 | 505,071 |
| | 200,000 | Term Loan, 8.65%, Maturing July 13, 2015 | 128,000 |
| Generac Acquisition Corp. | | | |
| | 367,146 | Term Loan, 5.18%, Maturing November 7, 2013 | 297,756 |
| Gleason Corp. | | | |
| | 174,893 | Term Loan, 4.65%, Maturing June 30, 2013 | 162,651 |
| | 20,089 | Term Loan, 4.65%, Maturing June 30, 2013 | 18,683 |
| Principal Amount* | | Borrower/Tranche Description | Value |
| Industrial Equipment (continued) | | | |
| John Maneely Co. | | | |
| | 537,636 | Term Loan, 6.03%, Maturing December 8, 2013 | \$ 485,601 |
| Polypore, Inc. | | | |
| | 843,625 | Term Loan, 5.11%, Maturing July 3, 2014 | 805,662 |
| Sequa Corp. | | | |
| | 498,750 | Term Loan, 5.95%, Maturing November 30, 2014 | 478,800 |
| TFS Acquisition Corp. | | | |
| | 221,625 | Term Loan, 6.20%, Maturing August 11, 2013 | 206,111 |
| | | | \$ 4,521,290 |
| Insurance 0.8% | | | |
| CCC Information Services Group, Inc. | | | |
| | 568,938 | Term Loan, 4.91%, Maturing February 10, 2013 | \$ 551,870 |
| Conseco, Inc. | | | |
| | 788,010 | Term Loan, 4.86%, Maturing October 10, 2013 | 604,142 |
| Crawford & Company | | | |
| | 351,143 | Term Loan, 5.45%, Maturing October 31, 2013 | 327,441 |
| Crump Group, Inc. | | | |
| | 265,325 | Term Loan, 5.70%, Maturing August 4, 2014 | 244,099 |
| Hub International Holdings, Inc. | | | |
| | 132,059 | Term Loan, 4.40%, Maturing June 13, 2014 ⁽³⁾ | 119,018 |
| | 587,878 | Term Loan, 5.20%, Maturing June 13, 2014 | 529,825 |
| U.S.I. Holdings Corp. | | | |
| | 223,312 | Term Loan, 5.45%, Maturing May 4, 2014 | 209,914 |
| | | | \$ 2,586,309 |
| Leisure Goods / Activities / Movies 1.7% | | | |
| 24 Hour Fitness Worldwide, Inc. | | | |
| | 396,900 | Term Loan, 5.93%, Maturing June 8, 2012 | \$ 355,225 |
| Bombardier Recreational Products | | | |

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| | | | |
|--|-----------|---|-----------|
| | 524,051 | Term Loan, 5.32%, Maturing June 28, 2013 | 465,531 |
| HEI Acquisition, LLC | | | |
| | 550,000 | Term Loan, 6.91%, Maturing April 13, 2014 | 467,500 |
| Metro-Goldwyn-Mayer Holdings, Inc. | | | |
| | 1,622,972 | Term Loan, 5.95%, Maturing April 8, 2012 | 1,303,958 |
| National CineMedia, LLC | | | |
| | 725,000 | Term Loan, 4.62%, Maturing February 13, 2015 | 675,804 |
| Revolution Studios Distribution Co., LLC | | | |
| | 333,123 | Term Loan, 6.62%, Maturing December 21, 2014 | 308,139 |
| | 225,000 | Term Loan, 9.87%, Maturing June 21, 2015 | 173,250 |
| Six Flags Theme Parks, Inc. | | | |
| | 843,625 | Term Loan, 5.20%, Maturing April 30, 2015 | 753,727 |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | Borrower/Tranche Description | Value |
|---|---|--------------|
| Leisure Goods / Activities / Movies (continued) | | |
| Universal City Development Partners, Ltd. | | |
| 925,455 | Term Loan, 4.63%, Maturing June 9, 2011 | \$ 903,475 |
| Zuffa, LLC | | |
| 496,250 | Term Loan, 4.88%, Maturing June 20, 2016 | 334,969 |
| | | \$ 5,741,578 |
| Lodging and Casinos 1.1% | | |
| Bally Technologies, Inc. | | |
| 924,772 | Term Loan, 7.36%, Maturing September 5, 2009 | \$ 909,166 |
| Harrah's Operating Co. | | |
| 500,000 | Term Loan, Maturing January 28, 2015 ⁽²⁾ | 470,535 |
| Herbst Gaming, Inc. | | |
| 1,000,000 | Term Loan, Maturing December 2, 2011 ⁽²⁾ | 715,625 |
| Isle of Capri Casinos, Inc. | | |
| 569,228 | Term Loan, 4.45%, Maturing November 30, 2013 | 503,766 |
| 171,629 | Term Loan, 4.45%, Maturing November 30, 2013 | 151,892 |
| 227,691 | Term Loan, 4.45%, Maturing November 30, 2013 | 201,507 |
| New World Gaming Partners, Ltd. | | |
| 290,938 | Term Loan, 5.19%, Maturing June 30, 2014 | 248,024 |
| 58,333 | Term Loan, 5.19%, Maturing June 30, 2014 | 49,729 |
| VML US Finance, LLC | | |
| 133,333 | Term Loan, 4.95%, Maturing May 25, 2012 | 127,425 |
| 266,667 | Term Loan, 4.95%, Maturing May 25, 2013 | 254,850 |
| | | \$ 3,632,519 |
| Nonferrous Metals / Minerals 0.5% | | |
| Euramax International, Inc. | | |
| 167,105 | Term Loan, 10.98%, Maturing June 28, 2013 | \$ 117,183 |
| 82,895 | Term Loan, 10.98%, Maturing June 28, 2013 | 58,130 |
| Murray Energy Corp. | | |
| 727,500 | Term Loan, 7.91%, Maturing January 28, 2010 | 691,125 |
| Neo Material Technologies, Inc. | | |
| 221,712 | Term Loan, 6.62%, Maturing August 31, 2009 | 218,387 |
| Noranda Aluminum Acquisition | | |
| 523,439 | Term Loan, 5.07%, Maturing May 18, 2014 | 497,267 |
| Thompson Creek Metals Co. | | |

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| | | | |
|---------------------------------|-----------|--|--------------|
| | 209,706 | Term Loan, 7.48%, Maturing October 26, 2012 | 207,609 |
| | | | \$ 1,789,701 |
| Oil and Gas 0.5% | | | |
| Concho Resources, Inc. | | | |
| | 320,275 | Term Loan, 7.15%, Maturing March 27, 2012 | \$ 318,273 |
| Dresser, Inc. | | | |
| | 300,000 | Term Loan, 8.82%, Maturing May 4, 2015 | 278,250 |
| Principal Amount* | | Borrower/Tranche Description | Value |
| Oil and Gas (continued) | | | |
| Enterprise GP Holdings, L.P. | | | |
| | 300,000 | Term Loan, 4.96%, Maturing October 31, 2014 | \$ 295,125 |
| Primary Natural Resources, Inc. | | | |
| | 490,000 | Term Loan, 5.00%, Maturing July 28, 2010 | 464,814 |
| Targa Resources, Inc. | | | |
| | 87,903 | Term Loan, 2.57%, Maturing October 31, 2012 | 84,563 |
| | 232,647 | Term Loan, 6.83%, Maturing October 31, 2012 | 223,807 |
| | | | \$ 1,664,832 |
| Publishing 4.7% | | | |
| American Media Operations, Inc. | | | |
| | 1,000,000 | Term Loan, 7.25%, Maturing January 31, 2013 | \$ 916,250 |
| CanWest MediaWorks, Ltd. | | | |
| | 223,312 | Term Loan, 5.09%, Maturing July 10, 2014 | 214,380 |
| GateHouse Media Operating, Inc. | | | |
| | 175,000 | Term Loan, 4.75%, Maturing August 28, 2014 | 118,672 |
| | 375,000 | Term Loan, 5.09%, Maturing August 28, 2014 | 254,297 |
| Idearc, Inc. | | | |
| | 2,819,337 | Term Loan, 4.71%, Maturing November 17, 2014 | 2,333,002 |
| Laureate Education, Inc. | | | |
| | 59,434 | Term Loan, 0.00%, Maturing August 17, 2014 ⁽³⁾ | 55,036 |
| | 399,177 | Term Loan, 5.97%, Maturing August 17, 2014 | 369,638 |
| MediaNews Group, Inc. | | | |
| | 270,188 | Term Loan, 5.13%, Maturing August 2, 2013 | 198,588 |
| Mediannuaire Holding | | | |
| EUR | 250,000 | Term Loan, 6.61%, Maturing October 10, 2014 | 317,900 |
| EUR | 250,000 | Term Loan, 7.11%, Maturing October 10, 2015 | 318,483 |
| Nebraska Book Co., Inc. | | | |
| | 721,899 | Term Loan, 5.13%, Maturing March 4, 2011 | 664,147 |
| Nielsen Finance, LLC | | | |
| | 972,539 | Term Loan, 5.10%, Maturing August 9, 2013 | 922,291 |
| Philadelphia Newspapers, LLC | | | |

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| | | | |
|---|-----------|---|-----------|
| | 212,965 | Term Loan, 6.60%, Maturing June 29, 2013 | 182,085 |
| Reader's Digest Association, Inc. (The) | | | |
| | 915,750 | Term Loan, 4.94%, Maturing March 2, 2014 | 771,061 |
| Seat Pagine Gialle SpA | | | |
| EUR | 1,566,254 | Term Loan, 4.39%, Maturing May 25, 2012 | 2,223,100 |
| Trader Media Corp. | | | |
| GBP | 437,625 | Term Loan, 8.00%, Maturing March 23, 2015 | 720,115 |
| Tribune Co. | | | |
| | 490,000 | Term Loan, 5.48%, Maturing May 17, 2009 | 467,337 |
| | 794,000 | Term Loan, 5.54%, Maturing May 17, 2014 | 590,538 |
| World Directories Acquisition | | | |
| EUR | 877,676 | Term Loan, 6.39%, Maturing May 31, 2014 | 1,181,412 |
| Xsys US, Inc. | | | |
| EUR | 1,000,000 | Term Loan, 6.98%, Maturing September 27, 2014 | 1,363,844 |

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | | Borrower/Tranche Description | Value |
|--------------------------------|-----------|---|---------------|
| Publishing (continued) | | | |
| YBR Acquisition BV | | | |
| EUR | 450,000 | Term Loan, 7.27%, Maturing June 30, 2013 | \$ 648,760 |
| EUR | 450,000 | Term Loan, 7.77%, Maturing June 30, 2014 | 649,461 |
| | | | \$ 15,480,397 |
| Radio and Television 1.9% | | | |
| Block Communications, Inc. | | | |
| | 268,813 | Term Loan, 4.70%, Maturing December 22, 2011 | \$ 255,372 |
| CMP KC, LLC | | | |
| | 485,594 | Term Loan, 6.75%, Maturing May 5, 2013 | 376,335 |
| NEP II, Inc. | | | |
| | 173,249 | Term Loan, 4.95%, Maturing February 16, 2014 | 157,296 |
| Nexstar Broadcasting, Inc. | | | |
| | 384,197 | Term Loan, 4.45%, Maturing October 1, 2012 | 353,461 |
| | 363,713 | Term Loan, 4.65%, Maturing October 1, 2012 | 334,616 |
| PanAmSat Corp. | | | |
| | 229,879 | Term Loan, 5.18%, Maturing January 3, 2014 | 218,457 |
| | 229,810 | Term Loan, 5.18%, Maturing January 3, 2014 | 218,392 |
| | 229,810 | Term Loan, 5.18%, Maturing January 3, 2014 | 218,392 |
| Paxson Communications Corp. | | | |
| | 850,000 | Term Loan, 5.96%, Maturing January 15, 2012 | 680,000 |
| SFX Entertainment | | | |
| | 367,091 | Term Loan, 5.45%, Maturing June 21, 2013 | 337,724 |
| Tyrol Acquisition 2 SAS | | | |
| EUR | 250,000 | Term Loan, 6.39%, Maturing January 19, 2015 | 329,603 |
| EUR | 250,000 | Term Loan, 6.65%, Maturing January 19, 2016 | 329,603 |
| Univision Communications, Inc. | | | |
| | 200,000 | Term Loan, 5.36%, Maturing March 29, 2009 | 192,333 |
| | 2,024,990 | Term Loan, 5.15%, Maturing September 29, 2014 | 1,710,485 |
| Young Broadcasting, Inc. | | | |
| | 490,000 | Term Loan, 5.25%, Maturing November 3, 2012 | 442,838 |
| | 243,125 | Term Loan, 5.36%, Maturing November 3, 2012 | 219,724 |
| | | | \$ 6,374,631 |
| Rail Industries 0.1% | | | |
| RailAmerica, Inc. | | | |

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| | | | |
|--|---------|--|--------------|
| | 450,000 | Term Loan, 5.32%, Maturing August 14, 2008 | \$ 438,750 |
| | | | \$ 438,750 |
| Retailers (Except Food and Drug) 0.8% | | | |
| American Achievement Corp. | | | |
| | 307,411 | Term Loan, 4.98%, Maturing March 25, 2011 | \$ 284,356 |
| Josten's Corp. | | | |
| | 375,045 | Term Loan, 6.72%, Maturing October 4, 2011 | 361,294 |
| Principal Amount* | | | |
| | | Borrower/Tranche Description | Value |
| Retailers (Except Food and Drug) (continued) | | | |
| Neiman Marcus Group, Inc. | | | |
| | 205,696 | Term Loan, 4.76%, Maturing April 5, 2013 | \$ 196,911 |
| Orbitz Worldwide, Inc. | | | |
| | 313,425 | Term Loan, 5.79%, Maturing July 25, 2014 | 269,546 |
| Oriental Trading Co., Inc. | | | |
| | 300,000 | Term Loan, 8.87%, Maturing January 31, 2013 | 225,000 |
| | 455,102 | Term Loan, 5.23%, Maturing July 31, 2013 | 368,633 |
| Rent-A-Center, Inc. | | | |
| | 277,527 | Term Loan, 4.92%, Maturing November 15, 2012 | 261,222 |
| Rover Acquisition Corp. | | | |
| | 419,688 | Term Loan, 5.03%, Maturing October 26, 2013 | 382,125 |
| Savers, Inc. | | | |
| | 101,250 | Term Loan, 5.48%, Maturing August 11, 2012 | 95,175 |
| | 110,481 | Term Loan, 5.49%, Maturing August 11, 2012 | 103,852 |
| The Yankee Candle Company, Inc. | | | |
| | 184,654 | Term Loan, 4.61%, Maturing February 6, 2014 | 168,589 |
| | | | \$ 2,716,703 |
| Steel 0.3% | | | |
| Algoma Acquisition Corp. | | | |
| | 708,611 | Term Loan, 7.33%, Maturing June 20, 2013 | \$ 657,237 |
| Niagara Corp. | | | |
| | 297,750 | Term Loan, 7.86%, Maturing June 29, 2014 | 247,133 |
| | | | \$ 904,370 |
| Surface Transport 0.1% | | | |
| Swift Transportation Co., Inc. | | | |
| | 501,163 | Term Loan, 6.50%, Maturing May 10, 2014 | \$ 373,471 |
| | | | \$ 373,471 |
| Telecommunications 1.9% | | | |
| Alltell Communication | | | |
| | 498,747 | Term Loan, 5.55%, Maturing May 16, 2014 | \$ 459,297 |
| | 771,125 | Term Loan, 5.47%, Maturing May 16, 2015 | 710,131 |
| Asurion Corp. | | | |

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| | | | |
|---------------------------------|---------|---|---------|
| | 425,000 | Term Loan, 6.10%, Maturing July 13, 2012 | 393,302 |
| | 250,000 | Term Loan, 9.39%, Maturing January 13, 2013 | 224,688 |
| BCM Luxembourg, Ltd. | | | |
| EUR | 375,000 | Term Loan, 6.61%, Maturing September 30, 2014 | 545,493 |
| EUR | 375,000 | Term Loan, 6.86%, Maturing September 30, 2015 | 545,987 |
| EUR | 500,000 | Term Loan, 8.98%, Maturing March 31, 2016 | 713,255 |
| Intelsat Bermuda, Ltd. | | | |
| | 300,000 | Term Loan, 5.20%, Maturing February 1, 2014 | 299,775 |
| Intelsat Subsidiary Holding Co. | | | |
| | 295,500 | Term Loan, 5.18%, Maturing July 3, 2013 | 283,089 |

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount* | | Borrower/Tranche Description | Value |
|--|-----------|--|----------------|
| Telecommunications (continued) | | | |
| IPC Systems, Inc. | | | |
| GBP | 297,750 | Term Loan, 8.27%, Maturing May 31, 2014 | \$ 451,127 |
| Macquarie UK Broadcast Ventures, Ltd. | | | |
| GBP | 225,000 | Term Loan, 7.95%, Maturing December 26, 2014 | 387,693 |
| Stratos Global Corp. | | | |
| | 305,500 | Term Loan, 5.44%, Maturing February 13, 2012 | 290,416 |
| Windstream Corp. | | | |
| | 871,025 | Term Loan, 4.22%, Maturing July 17, 2013 | 851,894 |
| | | | \$ 6,156,147 |
| Utilities 1.2% | | | |
| AEI Finance Holding, LLC | | | |
| | 75,414 | Revolving Loan, 2.60%, Maturing March 30, 2012 | \$ 66,742 |
| | 556,141 | Term Loan, 5.69%, Maturing March 30, 2014 | 492,185 |
| Astoria Generating Co. | | | |
| | 375,000 | Term Loan, 6.35%, Maturing August 23, 2013 | 346,875 |
| BRSP, LLC | | | |
| | 513,866 | Term Loan, 7.91%, Maturing July 13, 2009 | 477,895 |
| Calpine Corp. | | | |
| | 247,505 | DIP Loan, 5.58%, Maturing March 30, 2009 | 233,295 |
| NRG Energy, Inc. | | | |
| | 556,432 | Term Loan, 4.20%, Maturing June 1, 2014 | 535,079 |
| | 1,139,215 | Term Loan, 4.20%, Maturing June 1, 2014 | 1,095,498 |
| TXU Texas Competitive Electric Holdings Co., LLC | | | |
| | 223,875 | Term Loan, 6.58%, Maturing October 10, 2014 | 214,780 |
| | 721,375 | Term Loan, 6.58%, Maturing October 10, 2014 | 691,574 |
| | | | \$ 4,153,923 |
| Total Senior Floating-Rate Interests (identified cost \$170,370,094) | | | \$ 160,367,596 |
| Mortgage-Backed Securities 51.4% | | | |
| Collateralized Mortgage Obligations 9.1% | | | |
| Principal Amount (000's omitted) | | Security | Value |
| Federal Home Loan Mortgage Corp.: | | | |
| \$ | 7,386 | Series 2113, Class QG, 6.00%, 1/15/29 | \$ 7,498,917 |
| | 4,058 | Series 2167, Class BZ, 7.00%, 6/15/29 ⁽⁴⁾ | 4,235,719 |
| | 4,993 | | 5,343,025 |

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Series 2182, Class ZB, 8.00%,
9/15/29⁽⁴⁾

| Federal National Mortgage Association: | | | |
|--|-------|---|-----------|
| | 279 | Series 1989-89, Class H, 9.00%, 11/25/19 | 305,571 |
| | 605 | Series 1991-122, Class N, 7.50%, 9/25/21 | 638,721 |
| | 5,564 | Series 1993-84, Class M, 7.50%, 6/25/23 ⁽⁴⁾ | 5,940,123 |
| | 1,653 | Series 1997-28, Class ZA, 7.50%, 4/20/27 | 1,754,336 |
| | 1,473 | Series 1997-38, Class N, 8.00%, 5/20/27 | 1,580,465 |

| Principal Amount (000's omitted) | | Security | Value |
|---|-------|--|---------------|
| Collateralized Mortgage Obligations (continued) | | | |
| \$ | 2,660 | Series G-33, Class PT, 7.00%, 10/25/21 ⁽⁴⁾ | \$ 2,775,241 |
| Total Collateralized Mortgage Obligations (identified cost \$29,776,765) | | | \$ 30,072,118 |

Mortgage Pass-Throughs 42.3%

| Principal Amount (000's omitted) | | Security | Value |
|-------------------------------------|-------|--|---------------|
| Federal Home Loan Mortgage Corp.: | | | |
| \$ | 2,495 | 6.00%, with maturity at 2014 ⁽⁴⁾ | \$ 2,574,201 |
| | 2,654 | 6.15%, with maturity at 2027 | 2,728,752 |
| | 7,677 | 6.50%, with maturity at 2019 ⁽⁴⁾ | 8,006,155 |
| | 6,432 | 7.00%, with various maturities to 2013 | 6,649,299 |
| | 4,987 | 7.50%, with maturity at 2024 | 5,392,738 |
| | 7,129 | 8.00%, with various maturities to 2031 | 7,691,280 |
| | 7,338 | 8.50%, with various maturities to 2031 | 8,087,237 |
| | 725 | 9.00%, with maturity at 2031 | 823,016 |
| | 761 | 9.50%, with various maturities to 2022 | 851,708 |
| | 1,743 | 11.50%, with maturity at 2019 ⁽⁵⁾ | 1,942,660 |
| | | | \$ 44,747,046 |

| Federal National Mortgage Association: | | | |
|--|--------|--|---------------|
| \$ | 13,576 | 5.00%, with maturity at 2013 ⁽⁴⁾ | \$ 13,691,281 |
| | 3,176 | 5.50%, with maturity at 2029 ⁽⁴⁾ | 3,177,930 |
| | 4,002 | 6.321%, with maturity at 2032 ⁽⁴⁾⁽⁶⁾ | 4,100,317 |
| | 9,618 | 6.50%, with maturity at 2018 ⁽⁴⁾ | 9,990,239 |
| | 9,062 | 7.00%, with various maturities to 2032 | 9,543,093 |
| | 17,142 | 7.50%, with various maturities to 2031 ⁽⁴⁾ | 18,398,102 |
| | 5,378 | 8.00%, with various maturities to 2029 | 5,833,173 |
| | 1,127 | 8.50%, with maturity at 2027 | 1,230,000 |
| | 2,245 | 9.00%, with various maturities to 2029 | 2,522,502 |
| | 361 | 9.50%, with maturity at 2014 | 385,395 |
| | 2,218 | 10.00%, with various maturities to 2031 | 2,505,526 |
| | | | \$ 71,377,558 |

Government National Mortgage Association:

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| | | | |
|---|-------|--|----------------|
| \$ | 8,118 | 7.50%, with maturity at 2025 | \$ 8,768,489 |
| | 7,808 | 8.00%, with various maturities to 2027 | 8,566,748 |
| | 4,082 | 9.00%, with maturity at 2026 | 4,647,410 |
| | 750 | 9.50%, with maturity at 2025 | 851,934 |
| | 977 | 11.00%, with maturity at 2018 | 1,098,252 |
| | | | \$ 23,932,833 |
| Total Mortgage Pass-Throughs (identified cost \$138,369,633) | | | \$ 140,057,437 |
| Total Mortgage-Backed Securities (identified cost \$168,146,398) | | | \$ 170,129,555 |

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| | | | |
|---|-------|--|--------------|
| Asset-Backed Securities 0.1% | | | |
| Principal Amount (000's omitted) | | | |
| | | Security | Value |
| | | Centurion CDO 9 Ltd., Series 2005-9A, Class Note, 9.35%, 7/17/19 | |
| \$ | 500 | | \$ 346,672 |
| Total Asset-Backed Securities (identified cost \$500,000) | | | \$ 346,672 |
| Corporate Bonds & Notes 1.4% | | | |
| Principal Amount (000's omitted) | | | |
| | | Security | Value |
| Building and Development 0.2% | | | |
| Grohe Holding, Variable Rate | | | |
| EUR | 500 | 7.622%, 1/15/14 ⁽⁶⁾ | \$ 710,336 |
| | | | \$ 710,336 |
| Cable and Satellite Television 0.9% | | | |
| Iesy Hessen & ISH NRW, Variable Rate | | | |
| EUR | 2,000 | 7.723%, 4/15/13 | \$ 2,981,463 |
| | | | \$ 2,981,463 |
| Financial Intermediaries 0.3% | | | |
| ING Bank NV | | | |
| \$ | 1,000 | 10.80%, 6/12/08 | \$ 998,285 |
| | | | \$ 998,285 |
| Telecommunications 0.0% | | | |
| Qwest Corp., Sr. Notes, Variable Rate | | | |
| \$ | 200 | 6.05%, 6/15/13 ⁽⁶⁾ | \$ 192,500 |
| | | | \$ 192,500 |
| Total Corporate Bonds & Notes (identified cost \$4,296,116) | | | \$ 4,882,584 |
| Foreign Corporate Bonds & Notes 0.9% | | | |
| Principal Amount (000's omitted) | | | |
| | | Security | Value |
| Index Linked Notes 0.9% | | | |
| JP Morgan Chilean Inflation Linked Note | | | |
| \$ | 2,000 | 7.433%, 11/17/15 ⁽⁷⁾ | \$ 2,869,299 |
| Total Foreign Corporate Bonds & Notes (identified cost \$2,000,000) | | | \$ 2,869,299 |
| Foreign Government Securities 4.2% | | | |
| Principal Amount (000's omitted) | | | |
| | | Security | Value |
| Ghanaian Government Bond | | | |
| GHS | 730 | 13.69%, 3/15/10 | \$ 729,733 |
| GHS | 320 | 13.50%, 3/29/10 | 318,787 |
| GHS | 1,300 | 13.67%, 6/15/12 | 1,251,212 |

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| | | | |
|---|------------|--------------------------------|---------------|
| Indonesia Government | | | |
| IDR | 31,371,000 | 11.00%, 12/15/12 | 3,241,873 |
| Kenyan Treasury Bond | | | |
| KES | 4,050 | 9.50%, 3/23/09 | 65,718 |
| Nota Do Tesouro Nacional | | | |
| BRL | 2,702 | 6.00%, 5/15/15 ⁽⁹⁾ | 1,453,148 |
| Republic of Iceland | | | |
| ISK | 162,821 | 9.50%, 6/13/08 | 2,167,432 |
| Republic of Nigeria | | | |
| NGN | 45,900 | 0.00%, 9/4/08 | 377,571 |
| NGN | 119,000 | 17.00%, 12/16/08 | 1,069,683 |
| NGN | 39,700 | 12.00%, 4/28/09 | 347,550 |
| Republic of Sri Lanka | | | |
| LKR | 38,900 | 11.50%, 11/1/08 | 349,618 |
| Republic of Uganda | | | |
| UGX 384,700 | | 0.00%, 10/23/08 | 214,407 |
| Republic of Uruguay | | | |
| UYU | 42,911 | 5.00%, 9/14/18 ⁽¹⁰⁾ | 2,390,826 |
| Total Foreign Government Securities (identified cost \$13,903,407) | | | \$ 13,977,558 |
| Currency Options Purchased 0.1% | | | |

| Description | | Principal Amount of Contracts (000's omitted) | Strike Price | Expiration Date | Value |
|------------------|-----|---|-----------------|--------------------|--------|
| Euro Put Option | EUR | 300 | 1.2738 | 10/2/08 | \$ 392 |
| Euro Put Option | EUR | 300 | 1.2950 | 10/10/08 | 551 |
| Euro Put Option | EUR | 300 | 1.2990 | 10/16/08 | 616 |
| Euro Put Option | EUR | 300 | 1.3155 | 10/30/08 | 869 |
| Euro Put Option | EUR | 300 | 1.3195 | 11/13/08 | 1,042 |
| Euro Put Option | EUR | 300 | 1.3540 | 11/26/08 | 1,691 |
| Euro Put Option | EUR | 300 | 1.3506 | 12/11/08 | 1,840 |
| Euro Put Option | EUR | 300 | 1.3270 | 1/8/09 | 1,770 |
| Euro Put Option | EUR | 300 | 1.3375 | 2/12/09 | 2,443 |
| Euro Put Option | EUR | 300 | 1.3705 | 4/8/09 | 4,302 |
| Euro Put Option | EUR | 300 | 1.3745 | 5/13/09 | 5,049 |
| South Korean Won | | | | | |
| Call Option | KRW | 1,864,800 | 932.4 | 3/3/09 | 5,650 |
| South Korean Won | | | | | |
| Call Option | KRW | 1,831,000 | 915.5 | 6/2/09 | 4,816 |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Description | Principal Amount of Contracts (000's omitted) | Strike Price | Expiration Date | Value |
|---|---|-----------------|--------------------|------------|
| South Korean Won | | | | |
| Put Option | KRW 1,864,800 | 932.4 | 3/3/09 | \$ 133,501 |
| South Korean Won | | | | |
| Put Option | KRW 1,831,000 | 915.5 | 6/2/09 | 156,953 |
| Total Currency Options Purchased (identified cost \$339,458) | | | | \$ 321,485 |
| Short-Term Investments | 12.3% | | | |
| Foreign Government Securities | 6.7% | | | |

| Principal Amount* (000's omitted) | Security | Value | |
|---|----------|--------------------------------|---------------|
| Bank of Georgia Group | | | |
| GEL | 2,765 | 7.00%, 5/30/08 ⁽⁸⁾ | \$ 1,887,482 |
| GEL | 2,031 | 8.25%, 10/10/08 ⁽⁸⁾ | 1,386,953 |
| Central Bank of Iceland | | | |
| ISK | 100,000 | 15.25%, 9/24/08 ⁽⁶⁾ | 1,335,381 |
| Egyptian Treasury Bill | | | |
| EGP | 10,650 | 0.00%, 5/6/08 | 1,979,493 |
| EGP | 3,900 | 0.00%, 5/13/08 | 724,101 |
| EGP | 4,350 | 0.00%, 5/20/08 | 806,777 |
| EGP | 1,375 | 0.00%, 5/27/08 | 254,737 |
| EGP | 3,950 | 0.00%, 6/3/08 | 730,989 |
| EGP | 49,625 | 0.00%, 6/10/08 | 9,173,470 |
| EGP | 2,275 | 0.00%, 6/24/08 | 419,624 |
| EGP | 11,675 | 0.00%, 7/1/08 | 2,151,089 |
| EGP | 6,975 | 0.00%, 7/8/08 | 1,283,647 |
| Total Foreign Government Securities (identified cost \$21,975,327) | | | \$ 22,133,743 |
| Other Securities | 5.6% | | |

| Description | Interest/Principal (000's omitted) | Value |
|---|---------------------------------------|---------------|
| Investment in Cash Management Portfolio, 2.49% ⁽¹¹⁾ | \$ 16,957 | \$ 16,957,466 |
| State Street Bank and Trust Time Deposit, 1.50%, 5/1/08 | 1,550 | 1,550,000 |
| Total Other Securities (identified cost \$18,507,466) | | \$ 18,507,466 |
| Total Short-Term Investments (identified cost \$40,482,793) | | \$ 40,641,209 |

| | Value |
|---------------------------------|----------------|
| Gross Investments 118.8% | \$ 393,535,958 |
| (identified cost \$400,038,266) | \$ (166,887) |

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| | | | |
|---------------------------------|---------|--|-----------------|
| Less Unfunded Loan | | | |
| Commitments | (0.0)% | | |
| Net Investments | 118.8% | | |
| (identified cost \$399,871,379) | | | \$ 393,369,071 |
| Other Assets, Less Liabilities | (18.8)% | | \$ (62,198,706) |
| Net Assets | 100.0% | | \$ 331,170,365 |

BRL - Brazilian Real

DIP - Debtor in Possession

EGP - Egyptian Pound

EUR - Euro

GBP - British Pound

GEL - Georgian Lari

GHS - Ghanaian Cedi

IDR - Indonesian Rupiah

ISK - Icelandic Krona

KES - Kenyan Shilling

KRW - South Korean Won

LKR - Sri Lankan Rupee

NGN - Nigerian Naira

UGX - Ugandan Shilling

UYU - Uruguayan Peso

* In U.S. dollars unless otherwise indicated.

⁽¹⁾ Senior floating-rate interests often require prepayments from excess cash flows or permit the borrower to repay at their election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, it is anticipated that the senior floating-rate interests will have an expected average life of approximately two to four years. The stated interest rate represents the weighted average interest rate of all contracts within the senior loan facility. Senior Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London-Interbank Offered Rate ("LIBOR"), and secondarily the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rates used by commercial lenders.

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

- (2) This Senior Loan will settle after April 30, 2008, at which time the interest rate will be determined.
- (3) Unfunded or partially unfunded loan commitments. See Note 1G for description.
- (4) All or a portion of this security was on loan at period-end.
- (5) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.
- (6) Adjustable rate security. Rate shown is the rate at April 30, 2008.
- (7) Bond pays a coupon of 3.8% on the face at the end of the payment period. Principal is adjusted based on changes in the Chilean UF (Unidad de Fumento) Rate.
- (8) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.
- (9) Bond pays a 6% coupon on the face at the end of the payment period. Principal is adjusted based on the ICPA (Amplified Consumer Price Index) as determined by the Brazilian Institute of Geography and Statistics. The original face is BRL 1,569,000 and the current face is BRL 2,701,860.
- (10) Bond pays a coupon of 5% on the face at the end of the payment period. Principal is adjusted with the Uruguayan inflation rate. Original face of the bond is UYU 38,030,000 and current face is UYU 42,910,881.
- (11) 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 April 30, 2008.

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

FINANCIAL STATEMENTS (Unaudited)

Statement of Assets and Liabilities

As of April 30, 2008

| | |
|--|----------------|
| Assets | |
| Unaffiliated investments, at value including \$65,710,161 of securities on loan (identified cost, \$382,913,913) | \$ 376,411,605 |
| Affiliated investment, at value (identified cost, \$16,957,466) | 16,957,466 |
| Cash | 1,000,046 |
| Foreign currency, at value (identified cost, \$1,544,628) | 1,551,244 |
| Receivable for investments sold | 1,524,266 |
| Interest receivable | 4,070,338 |
| Interest receivable from affiliated investment | 35,407 |
| Receivable for open forward foreign currency exchange contracts | 799,672 |
| Receivable for open swap contracts | 304,357 |
| Receivable for closed forward foreign currency exchange contracts | 41,124 |
| Prepaid expenses | 18,904 |
| Total assets | \$ 402,714,429 |
| Liabilities | |
| Collateral for securities loaned | \$ 67,138,565 |
| Payable for investments purchased | 2,113,355 |
| Payable for open swap contracts | 1,015,815 |
| Payable for open forward foreign currency exchange contracts | 546,229 |
| Payable for daily variation margin on open financial futures contracts | 236,185 |
| Payable for closed forward foreign currency exchange contracts | 99,075 |
| Payable to affiliate for investment adviser fee | 241,033 |
| Payable to affiliate for Trustees' fees | 2,428 |
| Accrued expenses | 151,379 |
| Total liabilities | \$ 71,544,064 |
| Net Assets | \$ 331,170,365 |
| Sources of Net Assets | |
| Common shares, \$0.01 par value, unlimited number of shares authorized, 18,886,596 shares issued and outstanding | \$ 188,866 |
| Additional paid-in capital | 350,124,414 |
| Accumulated net realized loss (computed on the basis of identified cost) | (10,669,451) |
| Accumulated distributions in excess of net investment income | (2,015,163) |
| Net unrealized depreciation (computed on the basis of identified cost) | (6,458,301) |
| Net Assets | \$ 331,170,365 |
| Net Asset Value | |
| (\$331,170,365 ÷ 18,886,596 common shares issued and outstanding) | \$ 17.53 |

Statement of Operations

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For the Six Months Ended
April 30, 2008

| | |
|--|-----------------|
| Investment Income | |
| Interest (net of foreign taxes, \$25,447) | \$ 11,154,649 |
| Securities lending income, net | 1,821,932 |
| Interest income allocated from affiliated investment | 116,028 |
| Expenses allocated from affiliated investment | (15,340) |
| Total investment income | \$ 13,077,269 |
| Expenses | |
| Investment adviser fee | \$ 2,103,854 |
| Trustees' fees and expenses | 9,060 |
| Custodian fee | 236,976 |
| Legal and accounting services | 56,195 |
| Transfer and dividend disbursing agent fees | 19,507 |
| Printing and postage | 11,045 |
| Miscellaneous | 43,726 |
| Total expenses | \$ 2,480,363 |
| Deduct | |
| Reduction of investment adviser fee | \$ 564,814 |
| Reduction of custodian fee | 287 |
| Total expense reductions | \$ 565,101 |
| Net expenses | \$ 1,915,262 |
| Net investment income | \$ 11,162,007 |
| Realized and Unrealized Gain (Loss) | |
| Net realized gain (loss) | |
| Investment transactions (identified cost basis) | \$ (2,165,674) |
| Financial futures contracts | (721,050) |
| Swap contracts | (521,823) |
| Foreign currency and forward foreign currency exchange contract transactions | (1,894,938) |
| Net realized loss | \$ (5,303,485) |
| Change in unrealized appreciation (depreciation) | |
| Investments (identified cost basis) | \$ (11,592,871) |
| Financial futures contracts | 494,108 |
| Swap contracts | 582,507 |
| Foreign currency and forward foreign currency exchange contracts | (386,470) |
| Net change in unrealized appreciation (depreciation) | \$ (10,902,726) |
| Net realized and unrealized loss | \$ (16,206,211) |
| Net decrease in net assets from operations | \$ (5,044,204) |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

FINANCIAL STATEMENTS CONT'D

Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 |
|---|---|--------------------------------|
| From operations | | |
| Net investment income | \$ 11,162,007 | \$ 21,313,467 |
| Net realized gain (loss) from investment transactions, financial futures contracts, swap contracts, and foreign currency and forward foreign currency exchange contract transactions | (5,303,485) | 4,458,263 |
| Net change in unrealized appreciation (depreciation) of investments, financial futures contracts, swap contracts, and foreign currency and forward foreign currency exchange contracts | (10,902,726) | 2,815,225 |
| Net increase (decrease) in net assets from operations | \$ (5,044,204) | \$ 28,586,955 |
| Distributions to shareholders | | |
| From net investment income | \$ (13,405,706)* | \$ (26,792,626) |
| Total distributions to shareholders | \$ (13,405,706) | \$ (26,792,626) |
| Capital share transactions | | |
| Reinvestment of distributions to shareholders | \$ | \$ 585,011 |
| Total increase in net assets from capital share transactions | \$ | \$ 585,011 |
| Net increase (decrease) in net assets | \$ (18,449,910) | \$ 2,379,340 |
| Net Assets | | |
| At beginning of period | \$ 349,620,275 | \$ 347,240,935 |
| At end of period | \$ 331,170,365 | \$ 349,620,275 |
| Accumulated undistributed (distributions in excess of) net investment income included in net assets | | |
| At end of period | \$ (2,015,163) | \$ 228,536 |

* A portion of the distributions may be deemed a tax return of capital at year-end. See Note 2.

Statement of Cash Flows

| | For the Six Months Ended April 30, 2008 (Unaudited) |
|--|--|
| Cash Flows From Operating Activities | |
| Net decrease in net assets from operations | \$ (5,044,204) |
| Adjustments to reconcile net decrease in net assets from operations to net cash provided by operating activities: | |
| Investments purchased | (40,954,397) |
| Investments sold | 182,425,010 |

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| | |
|---|-----------------|
| Increase in short-term investments | (34,685,155) |
| Net amortization of premium (discount) | 1,497,934 |
| Decrease in interest receivable | 124,805 |
| Increase in interest receivable from affiliated investment | (10,259) |
| Decrease in payable for investments purchased | (3,947,196) |
| Increase in receivable for investments sold | (1,468,273) |
| Decrease in receivable for daily variation margin on open financial futures contracts | 6,370 |
| Increase in receivable for open swap contracts | (196,298) |
| Decrease in receivable for open forward foreign currency exchange contracts | 765,146 |
| Decrease in prepaid expenses | 7,436 |
| Decrease in receivable for closed forward foreign currency exchange contracts | 768,706 |
| Increase in payable for daily variation margin on open financial futures contracts | 236,185 |
| Decrease in payable for open swap contracts | (386,209) |
| Decrease in payable for open forward foreign currency exchange contracts | (333,081) |
| Increase in payable for closed forward foreign currency exchange contracts | 45,838 |
| Decrease in payable to affiliate for investment adviser fee | (27,919) |
| Increase in payable to affiliate for Trustees' fees | 1,008 |
| Decrease in unfunded loan commitments | (1,298,062) |
| Decrease in collateral for securities loaned | (101,039,079) |
| Decrease in accrued expenses | (173,706) |
| Net change in unrealized (appreciation) depreciation on long-term investments | 11,751,287 |
| Net realized (gain) loss on long-term investments | 2,401,259 |
| Net cash provided by operating activities | \$ 10,467,146 |
| Cash Flows From Financing Activities | |
| Cash distributions paid net of reinvestments | \$ (13,405,706) |
| Net cash used in financing activities | \$ (13,405,706) |
| Net decrease in cash | \$ (2,938,560) |
| Cash at beginning of period | \$ 5,489,850 |
| Cash at end of period | \$ 2,551,290 |

See notes to financial statements

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

FINANCIAL STATEMENTS CONT'D

Financial Highlights

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 2006 | | Period Ended October 31, 2005 ⁽¹⁾ |
|--|---|--|------------|---|
| Net asset value | | | | |
| Beginning of period | \$ 18.510 | \$ 18.420 | \$ 18.570 | \$ 19.100 ⁽²⁾ |
| Income (loss) from operations | | | | |
| Net investment income ⁽³⁾ | \$ 0.591 | \$ 1.129 | \$ 1.015 | \$ 0.540 |
| Net realized and unrealized gain (loss) | (0.861) | 0.381 | 0.238 | (0.250) |
| Total income (loss) from operations | \$ (0.270) | \$ 1.510 | \$ 1.253 | \$ 0.290 |
| Less distributions | | | | |
| From net investment income | \$ (0.710)* | \$ (1.420) | \$ (1.322) | \$ (0.667) |
| Tax return of capital | | | (0.081) | (0.113) |
| Total distributions | \$ (0.710) | \$ (1.420) | \$ (1.403) | \$ (0.780) |
| Offering costs charged to paid-in-capital ⁽³⁾ | \$ | \$ | \$ | \$ (0.040) |
| Net asset value End of period | \$ 17.530 | \$ 18.510 | \$ 18.420 | \$ 18.570 |
| Market value End of period | \$ 15.85 | \$ 16.500 | \$ 17.750 | \$ 16.070 |
| Total Investment Return on Net Asset Value ⁽⁴⁾ | (1.05)% ⁽⁷⁾ | 8.82% | 7.73% | 1.71% ⁽⁵⁾⁽⁷⁾ |
| Total Investment Return on Market Value ⁽⁴⁾ | 0.37% ⁽⁷⁾ | 0.66% | 19.96% | (11.98)% ⁽⁵⁾⁽⁷⁾ |
| Ratios/Supplemental Data | | | | |
| Net assets, end of period (000's omitted) | \$ 331,170 | \$ 349,620 | \$ 347,241 | \$ 350,146 |
| Expenses before custodian fee reduction | 1.14% ⁽⁶⁾ | 1.14% | 1.11% | 1.02% ⁽⁶⁾ |
| Expenses after custodian fee reduction | 1.14% ⁽⁶⁾ | 1.14% | 1.11% | 1.01% ⁽⁶⁾ |
| Net investment income | 6.60% ⁽⁶⁾ | 6.12% | 5.50% | 4.26% ⁽⁶⁾ |
| Portfolio Turnover | 9% | 114% | 56% | 89% |

(1) For the period from the start of business, February 28, 2005, to October 31, 2005.

(2) Net asset value at beginning of period reflects the deduction of the sales load of \$0.90 per share paid by the shareholder from the \$20.00 offering price.

(3) Computed using average common shares outstanding.

(4) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested.

(5) Total investment return on net asset value is calculated assuming a purchase at the offering price of \$20.00 less the sales load of \$0.90 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported with all distributions reinvested. Total investment return on market value is calculated assuming a purchase at the offering price of \$20.00 less the sales load of \$0.90 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported with all distributions reinvested.

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(6) Annualized.

(7) Not annualized.

* A portion of the distributions may be deemed a tax return of capital at year-end. See Note 2.

See notes to financial statements

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Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1 Significant Accounting Policies

Eaton Vance Short Duration Diversified 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 a high level of current income, with a secondary objective of seeking capital appreciation to the extent consistent with its primary goal.

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.

A Investment Valuation Interests in senior floating-rate loans (Senior Loans) for which reliable market quotations are readily available are valued on the basis of prices furnished by an independent pricing service. Other Senior Loans are valued at fair value by the investment adviser under procedures approved by the Trustees. In fair valuing a Senior Loan, the investment adviser utilizes one or more of the following valuation techniques: (i) a matrix pricing approach that considers the yield on the Senior Loan relative to yields on other loan interests issued by companies of comparable credit quality; (ii) a comparison of the value of the borrower's outstanding equity and debt to that of comparable public companies; (iii) a discounted cash flow analysis; or (iv) when the investment adviser believes it is likely that a borrower will be liquidated or sold, an analysis of the terms of such liquidation or sale. In certain cases, the investment adviser will use a combination of analytical methods to determine fair value, such as when only a portion of a borrower's assets are likely to be sold. In conducting its assessment and analyses for purposes of determining fair value of a Senior Loan, the investment adviser will use its discretion and judgment in considering and appraising relevant factors. Fair value determinations are made by the portfolio managers of the Fund based on information available to such managers. The portfolio managers of other funds managed by the investment adviser that invest in Senior Loans may not possess the same information about a Senior Loan borrower as the portfolio managers of the Fund. At times, the fair value of a Senior Loan determined by the portfolio managers of other funds managed by the investment adviser that invest in Senior Loans may vary from the fair value of the same Senior Loan determined by the portfolio managers of the Fund. The fair value of each Senior Loan is periodically reviewed and approved by the investment adviser's Valuation Committee and by the Trustees based upon procedures approved by the Trustees. Junior loans are valued in the same manner as Senior Loans.

Debt obligations, including listed securities and securities for which quotations are available and forward contracts will normally be valued on the basis of market valuations provided by dealers or pricing services. The pricing services consider various factors relating to bonds and/or market transactions to determine market value. Most seasoned fixed rate 30-year mortgage-backed securities (MBS) are valued through the use of the investment adviser's matrix pricing system, which takes into account bond prices, yield differentials, anticipated prepayments and interest rates provided by dealers. Short-term debt securities (excluding those that are non-U.S. dollar denominated) with a remaining maturity of sixty days or less are valued at amortized cost, which approximates market value. If short-term debt securities are acquired with a remaining maturity of more than sixty days, they will be valued by a pricing service. Foreign exchange rates for foreign exchange forward contracts and for the translation of non-U.S. dollar-denominated investments into U.S. dollars are obtained from a pricing service. Sovereign credit default swaps, foreign interest rate swaps and over-the-counter currency options are valued by a pricing service. Investments for which market quotations are not readily available and investments for which the price of the security is not believed to represent its fair market value, are valued at fair value using methods determined in good faith by or at the direction of the Trustees considering relevant factors, data and information including the market value of freely tradable securities of the same class in the principal market on which such securities are normally traded.

The Fund may invest in Cash Management Portfolio (Cash Management), an affiliated investment company managed by Boston Management and Research, a subsidiary of Eaton Vance Management (EVM). Cash Management values its investment securities utilizing the amortized cost valuation technique permitted by Rule 2a-7 of the 1940 Act. This technique involves initially valuing a portfolio security at its cost and thereafter assuming a constant amortization to maturity of any discount or premium.

B Investment Transactions Investment transactions for financial statement purposes are accounted for on a trade date basis. Realized gains and

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

losses on investments sold are determined on the basis of identified cost.

C Income Interest income is recorded on the basis of interest accrued, adjusted for amortization of premium or accretion of discount. Fees associated with loan amendments are recognized immediately.

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. At October 31, 2007, the Fund, for federal income tax purposes, had a capital loss carryforward of \$4,288,738 which will reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of distributions to shareholders, which would otherwise be necessary to relieve the Fund of any liability for federal income or excise tax. Such capital loss carryforward will expire on October 31, 2013 (\$2,603,915) and October 31, 2014 (\$1,684,823).

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, "Accounting for Income Taxes". This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective on the last business day of the first required financial reporting period for fiscal years beginning after December 15, 2006. Management has concluded that as of April 30, 2008, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. Each of the Fund's federal tax returns filed in the 3-year period ended October 31, 2007 remains subject to examination by the Internal Revenue Service.

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

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

G Unfunded Loan Commitments The Fund may enter into certain credit agreements all or a portion of which may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. The commitments are disclosed in the accompanying Portfolio of Investments.

H Use of Estimates The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

I 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, and shareholders are indemnified against personal liability for the obligations of the Fund. 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.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

J Financial Futures Contracts The Fund may enter into financial futures contracts. The Fund's investment in financial futures contracts is designed for hedging against changes in interest rates or as a substitute for the purchase of securities. Upon entering into a financial futures contract, the Fund is required to deposit with the broker, either in cash or securities an amount equal to a certain percentage of the purchase price (initial margin). Subsequent payments, known as variation margin, are made or received by the Fund each business day, depending on the daily fluctuations in the value of the underlying security, and are recorded as unrealized gains or losses by the Fund. Gains (losses) are realized upon the expiration or closing of the financial futures contracts. Should market conditions change unexpectedly, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. In entering such contracts, the Fund bears the risk if the counterparties do not perform under the contracts' terms.

K 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 Fund may enter into forward contracts for hedging purposes as well as non-hedging purposes. 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 or offset by another contract with the same broker for the same settlement date and currency. 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.

L Purchased Options Upon the purchase of a call or put option, the premium paid by the Fund is included in the Statement of Assets and Liabilities as an investment. The amount of the investment is subsequently marked-to-market to reflect the current market value of the option purchased, in accordance with the Fund's policies on investment valuations discussed above. If an option which the Fund has purchased expires on the stipulated expiration date, the Fund will realize a loss in the amount of the cost of the option. If the Fund enters into a closing sale transaction, the Fund will realize a gain or loss, depending on whether the sales proceeds from the closing sale transaction are greater or less than the cost of the option. If the Fund exercises a put option, it will realize a gain or loss from the sale of the underlying security, and the proceeds from such sale will be decreased by the premium originally paid. If the Fund exercises a call option, the cost of the security which the Fund purchases upon exercise will be increased by the premium originally paid.

M Interest Rate Swaps The Fund may enter into interest rate swap agreements to enhance return, to hedge against fluctuations in securities prices or interest rates, or as substitution for the purchase or sale of securities. Pursuant to these agreements, the Fund makes periodic payments at a fixed interest rate and, in exchange, receives payments based on the interest rate of a benchmark industry index. During the term of the outstanding swap agreement, changes in the underlying value of the swap are recorded as unrealized gains or losses. The value of the swap is determined by changes in the relationship between two rates of interest. The Fund is exposed to credit loss in the event of non-performance by the swap counterparty. Risk may also arise from movements in interest rates.

N Credit Default Swaps The Fund may enter into credit default swap contracts to buy or sell protection against default on an individual issuer or a basket of issuers of bonds. When the Fund is a buyer of a credit default swap contract, the Fund is entitled to receive the par (or other agreed-upon) value of a referenced debt obligation (or basket of debt obligations) from the counterparty to the contract in the event of default by a third party, such as a U.S. or foreign corporate issuer, on the debt obligation. In return, the Fund pays the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would have spent the stream of payments and received no benefits from the contract. When the Fund is the seller of a credit default swap contract, it receives the stream of payments, but is obligated to pay upon default of the referenced debt obligations. As the seller, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. The interest fee paid or received on the swap contract, which is based on a specified interest rate on a fixed notional amount, is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as realized gain upon receipt or realized loss upon payment. The Fund also records an increase or decrease to unrealized appreciation (depreciation) in an amount equal to the daily valuation. Up-front payment or receipts, if any, are recorded as other assets or other liabilities, respectively, and amortized over the life of the

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

swap contract as realized gains or losses. The Fund segregates assets in the form of cash and cash equivalents in an amount equal to the aggregate market value of the credit default swaps of which it is the seller, marked to market on a daily basis. These transactions involve certain risks, including the risk that the seller may be unable to fulfill the transaction.

O Statement of Cash Flows The cash amount shown in the Statement of Cash Flows of the Fund is the amount included in the Fund's Statement of Assets and Liabilities and represents the cash on hand at its custodian and does not include any short-term investments.

P Interim Financial Statements The interim financial statements relating to April 30, 2008 and for the six months then ended have not been audited by an independent registered public accounting firm, but in the opinion of the Fund's management, reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial statements.

2 Distributions to Shareholders

The Fund intends to make monthly distributions to shareholders and at least one distribution annually of all or substantially all of its net realized capital gains, if any. In its distributions, the Fund intends to include amounts attributable to the imputed interest on foreign currency exposures through long and short positions in forward currency exchange contracts (represented by the difference between the foreign currency spot rate and the foreign currency forward rate) and the imputed interest derived from certain other derivative positions. Distributions are recorded on the ex-dividend date. The Fund distinguishes between distributions on a tax basis and a financial reporting basis. Accounting principles generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be 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. In certain circumstances, a portion of distributions to shareholders may include a return of capital component. For the six months ended April 30, 2008, the amount of distributions estimated to be a tax return of capital was approximately \$687,000. The final determination of tax characteristics of the Fund's distributions will occur at the end of the year, at which time it will be reported to the shareholders.

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. The fee is computed at an annual rate of 0.75% of the Fund's average daily total leveraged assets, subject to the limitation described below, and is payable monthly. Total leveraged assets as referred to herein represent net assets plus liabilities or obligations attributable to investment leverage and the notional value of long and short forward currency contracts, futures contracts and swaps held by the Fund. The notional value of a contract for purposes of calculating total leveraged assets is the stated dollar value of the underlying reference instrument at the time the derivative position is entered into and remains constant throughout the life of the derivative contract. However, the derivative contracts are marked to market daily and any unrealized appreciation or depreciation is reflected in the Fund's net assets. When the Fund holds both long and short forward currency contracts in the same foreign currency, the offsetting positions are netted for purposes of determining total leveraged assets. When the Fund holds other long and short positions in foreign obligations denominated in the same currency, total leveraged assets are calculated by excluding the smaller of the long or short position.

The advisory agreement provides that if investment leverage exceeds 40% of the Fund's total leveraged assets, EVM will not receive a management fee on total leveraged assets in excess of this amount. As of April 30, 2008, the Fund's investment leverage was 47% of its total leveraged assets. The portion of the adviser fee payable by Cash Management on the Fund's investment of cash therein is credited against the Fund's adviser fee. For the six months ended April 30, 2008, the Fund's adviser fee totaled \$2,118,050 of which \$14,196 was allocated from Cash Management and \$2,103,854 was paid or accrued directly by the Fund. EVM also serves as administrator of the Fund, but receives no compensation.

In addition, EVM has contractually agreed to reimburse the Fund for fees and other expenses at an annual rate of 0.20% of the Fund's average daily total leveraged assets during the first five full years of the Fund's operations, 0.15% of the Fund's average daily total leveraged assets in year six, 0.10% in year seven and 0.05% in year eight. Pursuant to this agreement, EVM waived \$564,814 of its advisory fee for the six months ended April 30, 2008.

Except for Trustees of the Fund who are not members of EVM's organization, officers and Trustees receive remuneration for their services to the Fund out of the

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

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 six months ended April 30, 2008, no significant amounts have been deferred. Certain officers and Trustees of the Fund are officers of EVM.

4 Purchases and Sales of Investments

Purchases and sales of investments, other than short-term obligations and including maturities, paydowns and principal repayments on Senior Loans, for the six months ended April 30, 2008 were as follows:

Purchases

| | |
|-----------------------------------|---------------|
| Investments (non-U.S. Government) | \$ 27,145,462 |
| U.S. Government Securities | 13,808,935 |
| | \$ 40,954,397 |

Sales

| | |
|-----------------------------------|----------------|
| Investments (non-U.S. Government) | \$ 111,155,155 |
| U.S. Government Securities | 71,269,855 |
| | \$ 182,425,010 |

Included in sales are proceeds of \$50,191,075 from the sale of securities by the Fund to investment companies advised by EVM or its affiliates. Such transactions were executed in accordance with affiliated transaction procedures approved by the Fund's Trustees.

5 Common Shares of Beneficial Interest

Common shares issued pursuant to the Fund's dividend reinvestment plan for the six months ended April 30, 2008 and the year ended October 31, 2007 were none and 31,596, respectively.

6 Federal Income Tax Basis of Investments

The cost and unrealized appreciation (depreciation) of investments of the Fund at April 30, 2008, as determined on a federal income tax basis, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 401,078,874 |
| Gross unrealized appreciation | \$ 7,376,920 |
| Gross unrealized depreciation | (15,086,723) |
| Net unrealized depreciation | \$ (7,709,803) |

7 Financial Instruments

The Fund may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities to assist in managing exposure to various market risks. These financial instruments may include forward foreign currency exchange contracts, financial futures contracts, credit default swaps and interest rate swaps 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 does 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 April 30, 2008 is as follows:

Forward Foreign Currency Exchange Contracts

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Sales

| Settlement Date | Deliver | In Exchange For | Net Unrealized Appreciation (Depreciation) |
|-----------------|-------------------------------------|------------------------------------|--|
| 5/02/08 | British Pound Sterling 745,617 | United States Dollar 1,478,558 | \$1,827 |
| 5/30/08 | British Pound Sterling 3,117,243 | United States Dollar 6,211,200 | 48,916 |
| 5/06/08 | Canadian Dollar 6,977,000 | United States Dollar 6,873,147 | (54,365) |
| 5/27/08 | Euro 2,334,000 | United States Dollar 3,722,870 | 92,262 |
| 5/30/08 | Euro 25,973,429 | United States Dollar 40,581,405 | 183,801 |
| 5/05/08 | Euro 26,895 | United States Dollar 70,927 | 29,055 |
| 5/05/08 | Ghanian Cedi 3,997 | United States Dollar 3,950 | (28) |
| 5/28/08 | New Zealand Dollar 5,038,110 | United States Dollar 3,998,798 | 77,632 |
| 5/12/08 | South African Rand 43,318,983 | United States Dollar 5,635,063 | (94,258) |
| | | | \$ 284,842 |

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

Purchases

| Settlement Date | In Exchange For | Deliver | Net Unrealized Appreciation (Depreciation) |
|-----------------|-------------------------------------|-----------------------------------|--|
| 5/27/08 | Botswana Pula 542,000 | United States Dollar 81,614 | \$2,495 |
| 5/07/08 | Icelandic Krona 241,940,008 | Euro 2,110,251 | (54,916) |
| 5/13/08 | Icelandic Krona 188,379,000 | Euro 1,648,254 | (51,476) |
| 5/12/08 | Indian Rupee 68,500,000 | United States Dollar 1,710,362 | (21,042) |
| 5/19/08 | Indian Rupee 68,841,000 | United States Dollar 1,722,748 | (26,011) |
| 5/27/08 | Indian Rupee 137,250,000 | United States Dollar 3,432,108 | (51,539) |
| 6/02/08 | Indian Rupee 69,042,000 | United States Dollar 1,711,078 | (11,373) |
| 5/12/08 | Indonesian Rupiah 16,026,000,000 | United States Dollar 1,732,166 | 3,913 |
| 5/19/08 | Indonesian Rupiah 15,000,000,000 | United States Dollar 1,625,312 | (1,986) |
| 5/27/08 | Indonesian Rupiah 36,929,375,000 | United States Dollar 4,001,883 | (9,838) |
| 5/19/08 | Kazakh Tenge 207,000,000 | United States Dollar 1,706,794 | 9,694 |
| 6/18/08 | Kazakh Tenge 199,000,000 | United States Dollar 1,634,765 | 9,730 |
| 10/14/08 | Kazakh Tenge 251,700,000 | United States Dollar 2,013,600 | 37,183 |
| 5/27/08 | Kenyan Shilling 30,028,519 | United States Dollar 485,580 | (1,262) |
| 5/08/08 | Malaysian Ringgit 17,250,000 | United States Dollar 5,412,104 | 48,250 |
| 5/15/08 | Malaysian Ringgit 4,365,000 | United States Dollar 1,371,305 | 10,264 |
| 5/20/08 | Malaysian Ringgit 13,500,000 | United States Dollar 4,271,611 | 977 |
| 5/22/08 | Malaysian Ringgit 8,650,000 | United States Dollar 2,748,649 | (11,106) |
| 5/27/08 | Malaysian Ringgit 5,880,000 | United States Dollar 1,874,582 | (13,819) |
| 5/30/08 | Malaysian Ringgit 8,650,000 | United States Dollar 2,763,049 | (25,819) |
| 7/15/08 | Mauritian Rupee 11,800,000 | United States Dollar 466,772 | (16,774) |

| Settlement Date | In Exchange For | Deliver | Net Unrealized Appreciation (Depreciation) |
|-----------------|-------------------------------|-----------------------------------|--|
| 5/12/08 | Mexican Peso 16,338,000 | United States Dollar 1,559,699 | \$(6,182) |
| 5/05/08 | New Turkish Lira 3,104,291 | United States Dollar 2,375,309 | 51,755 |
| 5/20/08 | New Turkish Lira 3,105,000 | United States Dollar 2,306,321 | 108,333 |
| 5/27/08 | New Turkish Lira 2,914,758 | United States Dollar 2,235,244 | 25,831 |

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| | | | |
|---------|-----------------------------------|-----------------------------------|-------------|
| 5/12/08 | Philippine Peso 72,872,000 | United States Dollar 1,762,556 | (39,366) |
| 5/12/08 | Polish Zloty 26,122,500 | Euro 7,554,550 | 9,865 |
| 5/28/08 | Polish Zloty 11,806,250 | Euro 3,449,699 | (54,500) |
| 6/05/08 | Polish Zloty 8,224,250 | Euro 2,377,157 | 964 |
| 6/05/08 | Ugandan Shilling 1,124,090,089 | United States Dollar 664,081 | 67 |
| 5/07/08 | Zambian Kwacha 1,620,900,000 | United States Dollar 419,392 | 46,858 |
| | | | \$ (30,830) |

At April 30, 2008, closed forward foreign currency purchases and sales contracts excluded above amounted to a receivable of \$41,124 and a payable of \$99,075.

Futures Contracts

| Expiration Date | Contracts | Position | Aggregate Cost | Value | Net Unrealized Appreciation |
|-----------------|--------------|----------|-----------------|-----------------|-----------------------------|
| | 21 Japan | | | | |
| 6/08 | 10 Year Bond | Short | \$ (27,887,492) | \$ (27,488,279) | \$ 399,213 |

Description of the underlying instruments to Futures Contracts:

Japan 10-Year Bond: Japanese Government Bonds (JGB) having a maturity of 7 years or more but less than 11 years.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

Credit Default Swaps

| Counterparty | Reference Entity | Buy/ Sell | Notional Amount (000's omitted) | Pay/ Receive Annual Fixed Rate | Termination Date | Net Unrealized Appreciation (Depreciation) |
|---|-------------------------------------|--------------|---------------------------------------|--|---------------------|---|
| Barclays | | | | | | |
| Bank PLC: | Iceland | Sell | \$ 800 | 1.88% | 3/20/18 | \$ 16,601 |
| | Turkey (Republic of) | Buy | 900 | 2.13 | 1/20/13 | 6,329 |
| | Turkey (Republic of) | Buy | 1,100 | 2.12 | 1/20/13 | 8,193 |
| Credit Suisse First Boston, Inc.: | | | | | | |
| | Italy | Buy | 6,800 | 0.20 | 12/20/16 | 65,271 |
| | Philippines (Republic of the) | Buy | 5,000 | 2.15 | 9/20/11 | (103,716) |
| | Turkey (Republic of) | Buy | 10,000 | 2.01 | 3/20/10 | (135,719) |
| | Turkey (Republic of) | Buy | 880 | 2.11 | 1/20/13 | 6,921 |
| JPMorgan | | | | | | |
| Chase Bank: | Iceland | Sell | 1,300 | 1.70 | 3/20/18 | 9,431 |
| | Iceland | Sell | 2,600 | 1.75 | 3/20/18 | 28,610 |
| | Iceland | Sell | 800 | 1.90 | 3/20/18 | 17,801 |
| | Iceland | Sell | 1,000 | 2.10 | 3/20/23 | 41,750 |
| | Iceland | Sell | 1,000 | 2.45 | 3/20/23 | 75,593 |
| | Indonesia | Buy | 10,000 | 2.09 | 9/20/11 | (97,141) |
| | Philippines (Republic of the) | Buy | 5,000 | 2.17 | 9/20/11 | (106,878) |
| | Turkey (Republic of) | Buy | 10,000 | 2.00 | 3/20/10 | (133,895) |
| | Turkey (Republic of) | Buy | 3,740 | 2.12 | 1/20/13 | 27,857 |
| | | | | | | \$ (272,992) |

Interest Rate Swaps

| Counterparty | Notional Amount | Fund Pay/Receive Floating Rate | Floating Rate Index | Annual Fixed Rate | Termination Date | Net Unrealized Depreciation |
|--------------|--------------------|--------------------------------------|--|----------------------|---------------------|-----------------------------------|
| Barclays | 12,000,000 | | | | | |
| Bank PLC: | MYR | Pay | KLIBOR Brazilian Interbank | 3.85% | March 27, 2012 | \$ (18,968) |
| JP Morgan | 10,259,445 | | | | | |
| Chase Bank: | BRL | Pay | Deposit Rate Brazilian Interbank | 11.34 | January 2, 2009 | (48,566) |
| | 3,693,637 | | | | | |

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| | | | | | | |
|--|-----------|-----|--|-------|--------------------|--------------|
| | BRL | Pay | Deposit Rate Brazilian Interbank | 12.73 | January 2, 2012 | (55,615) |
| | 4,309,749 | | | | | |
| | BRL | Pay | Deposit Rate | 10.35 | January 2, 2012 | (315,317) |
| | | | | | | \$ (438,466) |

BRL Brazilian Real

MYR Malaysian Ringgit

KLIBOR Kuala Lumpur Interbank Offered Rate

At April 30, 2008, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

8 Risks Associated with Foreign Investments

Investing in securities issued by companies whose principal business activities are outside the United States may involve significant risks not present in domestic investments. For example, there is generally less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Certain foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitation on the removal of funds or other assets of the Fund, political or financial instability or diplomatic and other developments which could affect such investments. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the United States.

9 Securities Lending Agreement

The Fund has established a securities lending agreement in which the Fund lends portfolio securities to a broker in exchange for collateral consisting of either cash or U.S. government securities in an amount at least equal to the market value of the securities on loan. Under the agreement, the Fund continues to earn interest on the securities loaned. Collateral received is generally cash, and the Fund invests the cash and receives any interest on the amount invested but it must pay the broker a loan rebate fee computed as a varying percentage of the collateral received. The loan rebate fee paid by the Fund offsets a portion of the interest income received and amounted to \$2,787,502 for the six months ended April 30, 2008. At April 30, 2008, the value of the securities loaned and the value of the collateral amounted to \$65,710,161 and \$67,138,565, respectively. In the event of counterparty default, the Fund is subject to potential loss if it is delayed or prevented from exercising its right to dispose of the collateral. The Fund bears risk in the event that invested collateral is not sufficient to meet obligations due on loans. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

Eaton Vance Short Duration Diversified Income Fund as of April 30, 2008

NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

10 Recently Issued Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (FAS 157), "Fair Value Measurements". FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. As of April 30, 2008, management does not believe the adoption of FAS 157 will impact the amounts reported in the financial statements; however, additional disclosures may be required about the inputs used to develop the measurements of fair value and the effect of certain of the measurements on changes in net assets for the period.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (FAS 161), "Disclosures about Derivative Instruments and Hedging Activities". FAS 161 requires enhanced disclosures about an entity's derivative and hedging activities, including qualitative disclosures about the objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative instruments. FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. Management is currently evaluating the impact the adoption of FAS 161 will have on the Fund's financial statement disclosures.

Eaton Vance Short Duration Diversified Income Fund

ANNUAL MEETING OF SHAREHOLDERS (Unaudited)

The Fund held its Annual Meeting of Shareholders on February 29, 2008. The following action was taken by the shareholders of the Fund:

Item 1: The election of Norton H. Reamer, Lynn A. Stout and Ralph F. Verni as Class III Trustees of the Fund for a three-year term expiring in 2011, Thomas E. Faust Jr. and Allen R. Freedman as Class I Trustees of the Fund for a one-year term expiring in 2009 and Heidi L. Steiger as Class II Trustee of the Fund for a two-year term expiring in 2010.

| Nominee for Trustee | Number of Shares | |
|-----------------------------|------------------|----------|
| | For | Withheld |
| Elected by All Shareholders | | |
| Thomas E. Faust Jr. | 16,570,455 | 653,472 |
| Allen R. Freedman | 16,562,662 | 661,265 |
| Norton H. Reamer | 16,563,905 | 660,022 |
| Heidi L. Steiger | 16,572,405 | 651,522 |
| Lynn A. Stout | 16,575,695 | 648,232 |
| Ralph F. Verni | 16,572,371 | 651,556 |

Eaton Vance Short Duration Diversified Income Fund

DIVIDEND REINVESTMENT PLAN

The Fund offers a dividend reinvestment plan (the Plan) pursuant to which shareholders may elect to have dividends and capital gains distributions automatically reinvested in shares (the Shares) of the Fund. You may participate in the Plan by completing the Dividend Reinvestment Plan Application Form. If you do not participate, you will receive all distributions in cash paid by check mailed directly to you by American Stock Transfer & Trust Company as dividend paying agent. On the distribution payment date, if the net asset value 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 net asset value per Share or 95% of the market price. Otherwise, Shares generally will be purchased on the open market by the Plan 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 your shares be re-registered in your name with the Fund's transfer agent American Stock Transfer & Trust Company, or you will not be able to participate.

The Plan Agent's service fee for handling distributions will be paid by the Fund. Each participant 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 Plan 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 Plan Agent to have the Plan Agent sell part or all of his or her Shares and remit the proceeds, the Plan 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 Plan Agent.

Any inquiries regarding the Plan can be directed to the Plan Agent, American Stock Transfer & Trust Company, at 1-866-706-0514.

Eaton Vance Short Duration Diversified Income Fund

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 DIVIDENDS AND DISTRIBUTIONS IN CASH. THIS IS NOT A PROXY.

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

Eaton Vance Short Duration Diversified Income Fund
American Stock Transfer & Trust Company
P.O. Box 922
Wall Street Station
New York, NY 10269-0560

Number of Employees

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

Number of Shareholders

As of April 30, 2008, our records indicate that there are 18 registered shareholders and approximately 14,208 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.
The Eaton Vance Building
255 State Street
Boston, MA 02109
1-800-225-6265

New York Stock Exchange symbol

The New York Stock Exchange Symbol is EVG.

Eaton Vance Short Duration Diversified Income Fund

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT

Overview of the Contract Review Process

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund's board of trustees, including by a vote of a majority of the trustees who are not "interested persons" of the fund ("Independent Trustees"), cast in person at a meeting called for the purpose of considering such approval.

At a meeting of the Boards of Trustees (each a "Board") of the Eaton Vance group of mutual funds (the "Eaton Vance Funds") held on April 21, 2008, the Board, including a majority of the Independent Trustees, voted to approve continuation of existing advisory and sub-advisory agreements for the Eaton Vance Funds for an additional one-year period. In voting its approval, the Board relied upon the affirmative recommendation of the Contract Review Committee of the Board (formerly the Special Committee), which is a committee comprised exclusively of Independent Trustees. Prior to making its recommendation, the Contract Review Committee reviewed information furnished for a series of meetings of the Contract Review Committee held in February, March and April 2008. Such information included, among other things, the following:

Information about Fees, Performance and Expenses

An independent report comparing the advisory and related fees paid by each fund with fees paid by comparable funds;

An independent report comparing each fund's total expense ratio and its components to comparable funds;

An independent report comparing the investment performance of each fund to the investment performance of comparable funds over various time periods;

Data regarding investment performance in comparison to relevant peer groups of funds and appropriate indices;

Comparative information concerning fees charged by each adviser for managing other mutual funds and institutional accounts using investment strategies and techniques similar to those used in managing the fund;

Profitability analyses for each adviser with respect to each fund;

Information about Portfolio Management

Descriptions of the investment management services provided to each fund, including the investment strategies and processes employed, and any changes in portfolio management processes and personnel;

Information concerning the allocation of brokerage and the benefits received by each adviser as a result of brokerage allocation, including information concerning the acquisition of research through "soft dollar" benefits received in connection with the funds' brokerage, and the implementation of a soft dollar reimbursement program established with respect to the funds;

Data relating to portfolio turnover rates of each fund;

The procedures and processes used to determine the fair value of fund assets and actions taken to monitor and test the effectiveness of such procedures and processes;

Information about each Adviser

Reports detailing the financial results and condition of each adviser;

Descriptions of the qualifications, education and experience of the individual investment professionals whose responsibilities include portfolio management and investment research for the funds, and information relating to their compensation and responsibilities with respect to managing other mutual funds and investment accounts;

Copies of the Codes of Ethics of each adviser and its affiliates, together with information relating to compliance with and the administration of such codes;

Copies of or descriptions of each adviser's proxy voting policies and procedures;

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Information concerning the resources devoted to compliance efforts undertaken by each adviser and its affiliates on behalf of the funds (including descriptions of various compliance programs) and their record of compliance with investment policies and restrictions, including policies with respect to market-timing, late trading and selective portfolio disclosure, and with policies on personal securities transactions;

Descriptions of the business continuity and disaster recovery plans of each adviser and its affiliates;

Other Relevant Information

Information concerning the nature, cost and character of the administrative and other non-investment management services provided by Eaton Vance Management and its affiliates;

Information concerning management of the relationship with the custodian, subcustodians and fund accountants by each adviser or the funds' administrator; and

The terms of each advisory agreement.

Eaton Vance Short Duration Diversified Income Fund

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT CONT'D

In addition to the information identified above, the Contract Review Committee considered information provided from time to time by each adviser throughout the year at meetings of the Board and its committees. Over the course of the twelve-month period ended April 30, 2008, the Board met eleven times and the Contract Review Committee, the Audit Committee and the Governance Committee, each of which is a Committee comprised solely of Independent Trustees, met twelve, seven and five times, respectively. At such meetings, the Trustees received, among other things, presentations by the portfolio managers and other investment professionals of each adviser relating to the investment performance of each fund and the investment strategies used in pursuing the fund's investment objective. The Portfolio Management Committee and the Compliance Reports and Regulatory Matters Committee are newly established and did not meet during the twelve-month period ended April 30, 2008.

For funds that invest through one or more underlying portfolios, the Board considered similar information about the portfolio(s) when considering the approval of advisory agreements. In addition, in cases where the fund's investment adviser has engaged a sub-adviser, the Board considered similar information about the sub-adviser when considering the approval of any sub-advisory agreement.

The Contract Review Committee was assisted throughout the contract review process by Goodwin Procter LLP, legal counsel for the Independent Trustees. The members of the Contract Review Committee relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating each advisory and sub-advisory agreement and the weight to be given to each such factor. The conclusions reached with respect to each advisory and sub-advisory agreement were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each member of the Contract Review Committee may have placed varying emphasis on particular factors in reaching conclusions with respect to each advisory and sub-advisory agreement.

Results of the Process

Based on its consideration of the foregoing, and such other information as it deemed relevant, including the factors and conclusions described below, the Contract Review Committee concluded that the continuance of the investment advisory agreement between the Eaton Vance Short Duration Diversified Income Fund (the "Fund"), and Eaton Vance Management (the "Adviser"), including its fee structure, is in the interests of shareholders and, therefore, the Contract Review Committee recommended to the Board approval of the agreement. The Board accepted the recommendation of the Contract Review Committee as well as the factors considered and conclusions reached by the Contract Review Committee with respect to the agreement. Accordingly, the Board, including a majority of the Independent Trustees, voted to approve continuation of the investment advisory agreement for the Fund.

Nature, Extent and Quality of Services

In considering whether to approve the investment advisory agreement of the Fund, the Board evaluated the nature, extent and quality of services provided to the Fund by the Adviser.

The Board considered the Adviser's management capabilities and investment process with respect to the types of investments held by the Fund, including the education, experience and number of its investment professionals and other personnel who provide portfolio management, investment research, and similar services to the Fund. In particular, the Board evaluated the abilities and experience of such investment personnel in analyzing factors such as credit risk and special considerations relevant to investing in senior, secured floating-rate loans, foreign debt obligations, including debt of emerging market issuers, and mortgage-backed securities. The Board considered the Adviser's in-house research capabilities as well as other resources available to personnel of the Adviser. The Board also took into account the resources dedicated to portfolio management and other services, including the compensation paid to recruit and retain investment personnel, and the time and attention devoted to the Fund by senior management.

The Board also reviewed the compliance programs of the Adviser and relevant affiliates thereof. Among other matters, the Board considered compliance and reporting matters relating to personal trading by investment personnel, selective disclosure of portfolio holdings, late trading, frequent trading, portfolio valuation, business continuity and the allocation of investment opportunities. The Board also evaluated the responses of the Adviser and its affiliates to requests from regulatory authorities such as the Securities and Exchange Commission.

The Board considered shareholder and other administrative services provided or managed by Eaton Vance Management and its affiliates, including transfer agency and accounting services. The Board evaluated the benefits to shareholders of investing in a fund that is a part of a large family of funds.

After consideration of the foregoing factors, among others, the Board concluded that the nature, extent and quality of services provided by the Adviser, taken as a whole, are appropriate and consistent with the terms of the respective investment advisory agreements.

Eaton Vance Short Duration Diversified Income Fund

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT CONT'D

Fund Performance

The Board compared the Fund's investment performance to a relevant universe of similarly managed funds identified by an independent data provider and appropriate benchmark indices. The Board reviewed comparative performance data for the one-year period ended September 30, 2007 for the Fund. On the basis of the foregoing and other relevant information, the Board concluded that the performance of the Fund was satisfactory.

Management Fees and Expenses

The Board reviewed contractual investment advisory fee rates, including any administrative fee rates, payable by the Fund (referred to as "management fees"). The Board noted the nature of the management fees which are charged on total leveraged assets, and its relationship to the investment objectives of the Fund. The Board concluded that the fees were appropriate in light of the manner in which the leverage will be used by the Adviser in managing the portfolio.

As part of its review, the Board considered the Fund's management fees and total expense ratio for the year ended September 30, 2007, as compared to a group of similarly managed funds selected by an independent data provider. The Board considered the fact that the Adviser had waived fees and/or paid expenses for the Fund.

After reviewing the foregoing information, and in light of the nature, extent and quality of the services provided by the Adviser, the Board concluded that the management fees charged for advisory and related services and the Fund's total expense ratio are reasonable.

Profitability

The Board reviewed the level of profits realized by the Adviser and relevant affiliates thereof in providing investment advisory and administrative services to the Fund and to all Eaton Vance Funds as a group. The Board considered the level of profits realized with and without regard to revenue sharing or other payments by the Adviser and its affiliates to third parties in respect of distribution services. The Board also considered other direct or indirect benefits received by the Adviser and its affiliates in connection with its relationship with the Fund.

The Board concluded that, in light of the foregoing factors and the nature, extent and quality of the services rendered, the profits realized by the Adviser and its affiliates are reasonable.

Economies of Scale

In reviewing management fees and profitability, the Board also considered the extent to which the Adviser and its affiliates, on the one hand, and the Fund, on the other hand, can expect to realize benefits from economies of scale as the assets of the Fund increase. The Board acknowledged the difficulty in accurately measuring the benefits resulting from the economies of scale with respect to the management of any specific fund or group of funds. The Board also considered the fact that the Fund is not continuously offered and concluded that, in light of the level of the Adviser's profits with respect to the Fund, the implementation of breakpoints in the advisory fee schedule is not appropriate at this time. Based upon the foregoing, the Board concluded that the benefits from economies of scale are currently being shared equitably by the Adviser and its affiliates and the Fund.

Eaton Vance Short Duration Diversified Income Fund

OFFICERS AND TRUSTEES

Officers

Payson F. Swaffield
President
John R. Baur
Vice President
Michael A. Cirami
Vice President
Christine M. Johnston
Vice President
Catherine C. McDermott
Vice President
Scott H. Page
Vice President
Susan Schiff
Vice President
Mark S. Venezia
Vice President
Barbara E. Campbell
Treasurer
Maureen A. Gemma
Secretary
Paul M. O'Neil
Chief Compliance Officer

Trustees

Ralph F. Verni
Chairman
Benjamin C. Esty
Thomas E. Faust Jr.
Allen R. Freedman
William H. Park
Ronald A. Pearlman
Norton H. Reamer
Heidi L. Steiger
Lynn A. Stout

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**Investment Adviser and Administrator of Eaton Vance Short Duration Diversified Income Fund
Eaton Vance Management**

The Eaton Vance Building
255 State Street
Boston, MA 02109

**Custodian
State Street Bank and Trust Company**

200 Clarendon Street
Boston, MA 02116

**Transfer Agent
American Stock Transfer & Trust Company**

59 Maiden Lane
Plaza Level
New York, NY 10038

**Eaton Vance Short Duration Diversified Income Fund
The Eaton Vance Building
255 State Street
Boston, MA 02109**

2319-6/08 CE-SDDISRC

Item 2. Code of Ethics

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

Item 3. Audit Committee Financial Expert

The registrant's Board has designated William H. Park and Norton H. Reamer, each an independent trustee, as its audit committee financial experts. Mr. Park is a certified public accountant who is the Vice Chairman of Commercial Industrial Finance Corp (specialty finance company). Previously, he served as President and Chief Executive Officer of Prizm Capital Management, LLC (investment management firm) and as Executive Vice President and Chief Financial Officer of United Asset Management Corporation (UAM) (a holding company owning institutional investment management firms). Mr. Reamer is the President, Chief Executive Officer and a Director of Asset Management Finance Corp. (a specialty finance company serving the investment management industry) and is President of Unicorn Corporation (an investment and financial advisory services company). Formerly, Mr. Reamer was Chairman and Chief Operating Officer of Hellman, Jordan Management Co., Inc. (an investment management company) and Advisory Director of Berkshire Capital Corporation (an investment banking firm), Chairman of the Board of UAM and Chairman, President and Director of the UAM Funds (mutual funds).

Item 4. Principal Accountant Fees and Services

Not required in this filing

Item 5. Audit Committee of Listed registrants

Not required in this filing.

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

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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 Contract Review Committee except as contemplated under the Fund Policy. The Board's Contract Review 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 personal 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 Contract Review 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

Christine M. Johnston, Catherine C. McDermott, Scott H. Page, Susan Schiff, Mark S. Venezia, and other Eaton Vance Management (EVM) investment professionals comprise the investment team responsible for the overall management of the Fund's investments as well as allocations among the Fund's three principal investment categories.

Ms. Johnston has been with Eaton Vance since 1994 and is a Vice President of EVM and Boston Management and Research, an Eaton Vance subsidiary (BMR). Ms. McDermott joined Eaton Vance in 2000 and is a Vice President of EVM and BMR. Mr. Page has been an Eaton Vance portfolio manager since 1996 and is a Vice President of EVM and BMR. He is head of Eaton Vance's Senior Loan Group. Ms. Schiff has been an Eaton Vance portfolio manager since 1991 and is a Vice President of EVM and BMR. Mr. Venezia has been with Eaton Vance since 1984 and is a Vice President of EVM and BMR. He is head of Eaton Vance's Global Bond Department. This information is provided as of the date of filing of this report.

The following tables show, as of the Fund's most recent fiscal year end, the number of accounts each portfolio manager managed in each of the listed categories and the total assets in the accounts managed

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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 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* |
|----------------------------------|------------------------------|-------------------------------------|---|---|
| Christine M. Johnston | | | | |
| Registered Investment Companies | 3 | \$ 3,997.9 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 0 | \$ 0 | 0 | \$ 0 |
| Other Accounts | 0 | \$ 0 | 0 | \$ 0 |
| Catherine C. McDermott | | | | |
| Registered Investment Companies | 2 | \$ 3,614.3 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 0 | \$ 0 | 0 | \$ 0 |
| Other Accounts | 0 | \$ 0 | 0 | \$ 0 |
| Scott H. Page | | | | |
| Registered Investment Companies | 11 | \$ 16,073.1 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 7 | \$ 6387.5 | 6 | \$ 3,219.9 |
| Other Accounts | 2 | \$ 1,006.7 | 0 | \$ 0 |
| Susan Schiff | | | | |
| Registered Investment Companies | 5 | \$ 4,361.1 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 0 | \$ 0 | 0 | \$ 0 |
| Other Accounts | 0 | \$ 0 | 0 | \$ 0 |
| Mark S. Venezia | | | | |
| Registered Investment Companies | 10 | \$ 5,614.2 | 0 | \$ 0 |
| Other Pooled Investment Vehicles | 0 | \$ 0 | 0 | \$ 0 |
| Other Accounts | 0 | \$ 0 | 0 | \$ 0 |

*In millions of dollars. For registered investment companies, assets represent net assets of all open-end investment companies and gross assets of all closed-end investment companies.

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

| Portfolio Manager | Dollar Range of Equity Securities Owned in the Fund |
|--------------------------|--|
| Christine M. Johnston | None |
| Catherine C. McDermott | None |
| Scott H. Page | None |
| Susan Schiff | None |
| Mark S. Venezia | \$100,001-\$500,000 |

Potential for Conflicts of Interest. The portfolio managers manage multiple investment portfolios. Conflicts of interest may arise between a portfolio manager's management of the Fund and his or her management of these other investment portfolios. Potential areas of conflict may include allocation of a portfolio manager's time, investment opportunities and trades among investment portfolios, including the Fund, personal securities transactions and use of Fund portfolio holdings information. In addition, some investment portfolios may compensate the investment adviser or sub-adviser based on the performance of the securities held by that account. The existence of such a performance based fee may create additional conflicts of interest for a portfolio manager in the allocation of management time and investment opportunities. EVM has adopted policies and procedures that it believes are reasonably designed to address these conflicts. There is no guarantee that such policies and procedures will be effective or that all potential conflicts will be anticipated.

Portfolio Manager Compensation Structure

Compensation of EVM's portfolio managers and other investment professionals has three primary components: (1) a base salary, (2) an annual cash bonus, and (3) annual stock-based compensation consisting of options to purchase shares of EVC's nonvoting common stock and/or restricted shares of EVC's nonvoting common stock. EVM's investment professionals also receive certain retirement, insurance and other benefits that are broadly available to all 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 appropriate peer groups or benchmarks. Performance is normally based on periods ending on the September 30th preceding fiscal year end. Fund performance is evaluated primarily versus peer groups of funds as determined by Lipper Inc. and/or Morningstar, Inc. In evaluating the performance of a fund and its manager, primary emphasis is normally placed on three-year performance, with secondary consideration of performance over longer and shorter periods. For funds that are tax-managed or otherwise have an objective of after-tax returns, performance is measured net of taxes. For other funds, performance is evaluated on a pre-tax basis. In addition to rankings within

peer groups of funds on the basis of absolute performance, consideration may also be given to risk-adjusted performance. For funds with an investment objective other than total return (such as current income), consideration will also be given to the fund's success in achieving its objective. For managers responsible for multiple funds and accounts, investment performance is evaluated on an aggregate basis, based on averages or weighted averages among managed funds and accounts. Funds and accounts that have performance-based advisory fees are not accorded disproportionate weightings in measuring aggregate portfolio manager performance.

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

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

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

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.
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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 Short Duration Diversified Income Fund

By: /s/Payson F. Swaffield
Payson F. Swaffield
President

Date: June 12, 2008

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/Barbara E. Campbell
Barbara E. Campbell
Treasurer

Date: June 12, 2008

By: /s/Payson F. Swaffield
Payson F. Swaffield
President

Date: June 12, 2008
