

Eaton Vance Tax-Managed Diversified Equity Income Fund
Form N-Q
March 29, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
811-21832

Investment Company Act File Number
Eaton Vance Tax-Managed Diversified Equity Income Fund

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number, Including Area Code)

October 31

Date of Fiscal Year End

January 31, 2012

Date of Reporting Period

Item 1. Schedule of Investments

Eaton Vance
Tax-Managed Diversified Equity Income Fund
January 31, 2012

PORTFOLIO OF INVESTMENTS (Unaudited)

Common Stocks 95.8%

| Security | Shares | Value |
|-------------------------------------|---------------|----------------------|
| Aerospace & Defense 1.1% | | |
| Boeing Co. (The) | 253,623 | \$ 18,813,754 |
| | | \$ 18,813,754 |
| Automobiles 0.3% | | |
| Bayerische Motoren Werke AG | 64,364 | \$ 5,523,310 |
| | | \$ 5,523,310 |
| Beverages 3.3% | | |
| Anheuser-Busch InBev NV | 106,915 | \$ 6,500,548 |
| Beam, Inc. | 123,546 | 6,462,691 |
| Coca-Cola Co. (The) | 552,117 | 37,284,461 |
| Diageo PLC | 222,800 | 4,931,439 |
| | | \$ 55,179,139 |
| Biotechnology 1.1% | | |
| Celgene Corp. ⁽¹⁾ | 248,863 | \$ 18,092,340 |
| | | \$ 18,092,340 |
| Capital Markets 0.9% | | |
| Deutsche Bank AG | 47,128 | \$ 2,008,051 |
| Goldman Sachs Group, Inc. (The) | 93,418 | 10,413,304 |
| UBS AG ⁽¹⁾ | 186,902 | 2,549,942 |
| | | \$ 14,971,297 |
| Chemicals 2.2% | | |
| Air Liquide SA | 27,971 | \$ 3,530,063 |
| BASF SE | 97,600 | 7,528,793 |
| Monsanto Co. | 324,189 | 26,599,707 |
| | | \$ 37,658,563 |
| Commercial Banks 5.3% | | |
| Banco Bilbao Vizcaya Argentaria SA | 477,882 | \$ 4,193,028 |

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| | | |
|---|-----------|------------|
| Banco Santander SA | 634,421 | 4,954,124 |
| Bank of Nova Scotia (The) | 207,509 | 10,649,362 |
| Barclays PLC | 1,308,215 | 4,386,521 |
| BNP Paribas | 47,989 | 2,041,179 |
| HSBC Holdings PLC | 729,942 | 6,098,748 |
| Intesa Sanpaolo SpA | 1,728,701 | 3,311,091 |
| Itau Unibanco Holding SA ADR, PFC Shares | 476,155 | 9,504,054 |
| KeyCorp | 1,123,377 | 8,728,639 |
| PNC Financial Services Group, Inc. | 140,973 | 8,306,129 |
| Royal Bank of Scotland Group PLC ⁽¹⁾ | 4,085,694 | 1,714,226 |
| Societe Generale | 96,538 | 2,580,753 |
| Wells Fargo & Co. | 775,220 | 22,644,176 |

\$ 89,112,030

Communications Equipment 2.9%

| | | |
|--|---------|---------------|
| QUALCOMM, Inc. | 757,920 | \$ 44,580,855 |
| Telefonaktiebolaget LM Ericsson, Class B | 377,635 | 3,514,356 |

\$ 48,095,211

Computers & Peripherals 3.4%

| | | |
|----------------------------|---------|---------------|
| Apple, Inc. ⁽¹⁾ | 123,449 | \$ 56,352,000 |
|----------------------------|---------|---------------|

\$ 56,352,000

| | Shares | Value |
|--|---------------|----------------------|
| Security | | |
| Construction & Engineering 1.3% | | |
| Fluor Corp. | 385,631 | \$ 21,687,887 |
| | | \$ 21,687,887 |
| Consumer Finance 0.7% | | |
| American Express Co. | 251,154 | \$ 12,592,862 |
| | | \$ 12,592,862 |
| Diversified Financial Services 3.8% | | |
| Citigroup, Inc. | 491,743 | \$ 15,106,345 |
| JPMorgan Chase & Co. | 763,501 | 28,478,588 |
| Moody's Corp. | 530,262 | 19,741,654 |
| | | \$ 63,326,587 |
| Diversified Telecommunication Services 4.1% | | |
| AT&T, Inc. | 1,110,231 | \$ 32,651,894 |
| CenturyLink, Inc. | 355,769 | 13,174,126 |
| Deutsche Telekom AG | 369,226 | 4,159,841 |
| Verizon Communications, Inc. | 326,878 | 12,310,226 |
| Vivendi SA | 284,150 | 5,961,302 |
| | | \$ 68,257,389 |
| Electric Utilities 1.6% | | |
| American Electric Power Co., Inc. | 257,104 | \$ 10,171,034 |
| Enel SpA | 573,649 | 2,349,544 |
| PPL Corp. | 277,219 | 7,703,916 |
| SSE PLC | 319,852 | 6,171,204 |
| | | \$ 26,395,698 |
| Electrical Equipment 0.8% | | |
| ABB, Ltd. ⁽¹⁾ | 309,717 | \$ 6,463,734 |
| Emerson Electric Co. | 136,773 | 7,027,397 |
| | | \$ 13,491,131 |
| Energy Equipment & Services 2.4% | | |
| Halliburton Co. | 594,027 | \$ 21,848,313 |
| Schlumberger, Ltd. | 243,855 | 18,330,580 |
| | | \$ 40,178,893 |
| Food & Staples Retailing 1.7% | | |

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| | | |
|--|---------|----------------------|
| Costco Wholesale Corp. | 299,656 | \$ 24,652,699 |
| Tesco PLC | 629,574 | 3,174,657 |
| | | \$ 27,827,356 |
| Food Products 1.7% | | |
| Danone SA | 76,992 | \$ 4,763,090 |
| Nestle SA | 249,616 | 14,323,973 |
| Unilever NV | 286,140 | 9,535,744 |
| | | \$ 28,622,807 |
| Health Care Equipment & Supplies 3.5% | | |
| Covidien PLC | 436,615 | \$ 22,485,673 |
| St. Jude Medical, Inc. | 615,829 | 25,686,228 |
| Varian Medical Systems, Inc. ⁽¹⁾ | 162,327 | 10,692,479 |
| | | \$ 58,864,380 |
| Health Care Providers & Services 1.9% | | |
| AmerisourceBergen Corp. | 356,828 | \$ 13,905,587 |
| UnitedHealth Group, Inc. | 336,581 | 17,431,530 |
| | | \$ 31,337,117 |
| Hotels, Restaurants & Leisure 1.8% | | |
| McDonald's Corp. | 307,816 | \$ 30,489,175 |
| | | \$ 30,489,175 |

| | Shares | Value |
|--|---------------|----------------------|
| Security | | |
| Household Products 2.0% | | |
| Colgate-Palmolive Co. | 142,561 | \$ 12,933,134 |
| Procter & Gamble Co. | 314,015 | 19,795,506 |
| | | \$ 32,728,640 |
| Industrial Conglomerates 3.0% | | |
| Danaher Corp. | 685,952 | \$ 36,019,339 |
| Philips Electronics NV | 261,127 | 5,289,064 |
| Siemens AG | 104,342 | 9,853,663 |
| | | \$ 51,162,066 |
| Insurance 2.0% | | |
| Aflac, Inc. | 208,202 | \$ 10,041,583 |
| AXA SA | 356,429 | 5,427,216 |
| MetLife, Inc. | 294,880 | 10,418,110 |
| Prudential PLC | 698,928 | 7,730,852 |
| | | \$ 33,617,761 |
| Internet & Catalog Retail 1.4% | | |
| Amazon.com, Inc. ⁽¹⁾ | 121,641 | \$ 23,651,876 |
| | | \$ 23,651,876 |
| Internet Software & Services 1.3% | | |
| eBay, Inc. ⁽¹⁾ | 243,638 | \$ 7,698,961 |
| Google, Inc., Class A ⁽¹⁾ | 25,351 | 14,706,368 |
| | | \$ 22,405,329 |
| IT Services 3.0% | | |
| Accenture PLC, Class A | 239,135 | \$ 13,712,001 |
| International Business Machines Corp. | 188,505 | 36,306,063 |
| | | \$ 50,018,064 |
| Machinery 1.1% | | |
| Deere & Co. | 223,722 | \$ 19,273,650 |
| | | \$ 19,273,650 |
| Media 1.8% | | |
| Comcast Corp., Class A | 823,776 | \$ 21,904,204 |
| Walt Disney Co. (The) | 218,143 | 8,485,763 |

| | | |
|---|-----------|----------------------|
| | | \$ 30,389,967 |
| Metals & Mining 3.1% | | |
| Anglo American PLC | 128,438 | \$ 5,330,615 |
| BHP Billiton, Ltd. ADR | 88,062 | 6,995,645 |
| Cliffs Natural Resources, Inc. | 169,192 | 12,224,122 |
| Freeport-McMoRan Copper & Gold, Inc. | 214,523 | 9,913,108 |
| Goldcorp, Inc. | 349,197 | 16,897,643 |
| | | \$ 51,361,133 |
| Multi-Utilities 1.0% | | |
| National Grid PLC | 403,800 | \$ 4,020,946 |
| Public Service Enterprise Group, Inc. | 197,215 | 5,983,503 |
| Sempra Energy | 119,017 | 6,772,067 |
| | | \$ 16,776,516 |
| Multiline Retail 0.8% | | |
| Macy's, Inc. | 378,647 | \$ 12,756,617 |
| | | \$ 12,756,617 |
| Oil, Gas & Consumable Fuels 9.8% | | |
| Anadarko Petroleum Corp. | 149,499 | \$ 12,067,559 |
| Apache Corp. | 150,217 | 14,853,457 |
| BG Group PLC | 241,074 | 5,432,021 |
| BP PLC | 1,332,877 | 10,026,688 |
| ConocoPhillips | 358,500 | 24,453,285 |

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| Security | Shares | Value |
|---|---------------|-----------------------|
| Exxon Mobil Corp. | 563,101 | \$ 47,154,078 |
| Occidental Petroleum Corp. | 133,829 | 13,352,119 |
| Royal Dutch Shell PLC, Class B | 494,662 | 18,078,460 |
| Statoil ASA | 380,385 | 9,577,026 |
| Total SA | 170,001 | 9,010,348 |
| | | \$ 164,005,041 |
| Personal Products 1.2% | | |
| Estee Lauder Cos., Inc. (The), Class A | 346,370 | \$ 20,065,214 |
| | | \$ 20,065,214 |
| Pharmaceuticals 6.9% | | |
| Allergan, Inc. | 144,827 | \$ 12,731,742 |
| AstraZeneca PLC | 85,139 | 4,100,547 |
| Bayer AG | 138,165 | 9,705,647 |
| GlaxoSmithKline PLC | 364,935 | 8,117,536 |
| Johnson & Johnson | 358,401 | 23,622,210 |
| Novartis AG | 225,108 | 12,217,364 |
| Novo Nordisk A/S, Class B | 58,342 | 6,932,691 |
| Pfizer, Inc. | 1,322,306 | 28,297,348 |
| Sanofi SA | 141,378 | 10,482,168 |
| | | \$ 116,207,253 |
| Real Estate Investment Trusts (REITs) 1.0% | | |
| AvalonBay Communities, Inc. | 54,184 | \$ 7,369,566 |
| Boston Properties, Inc. | 94,121 | 9,793,290 |
| | | \$ 17,162,856 |
| Road & Rail 1.1% | | |
| Union Pacific Corp. | 165,349 | \$ 18,901,044 |
| | | \$ 18,901,044 |
| Software 3.0% | | |
| Microsoft Corp. | 587,164 | \$ 17,338,953 |
| Oracle Corp. | 986,261 | 27,812,560 |
| SAP AG | 73,892 | 4,467,637 |
| | | \$ 49,619,150 |
| Specialty Retail 1.6% | | |
| Home Depot, Inc. (The) | 275,637 | \$ 12,235,526 |
| Industria de Diseno Textil SA | 114,472 | 10,003,288 |

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| | | | |
|--|-----------|----|-------------------------|
| Kingfisher PLC | 1,170,119 | | 4,724,475 |
| | | \$ | 26,963,289 |
| Textiles, Apparel & Luxury Goods 1.9% | | | |
| LVMH Moet Hennessy Louis Vuitton SA | 58,445 | \$ | 9,468,235 |
| NIKE, Inc., Class B | 218,019 | | 22,671,796 |
| | | \$ | 32,140,031 |
| Tobacco 2.0% | | | |
| British American Tobacco PLC | 120,651 | \$ | 5,555,762 |
| Philip Morris International, Inc. | 364,717 | | 27,269,890 |
| | | \$ | 32,825,652 |
| Wireless Telecommunication Services 1.0% | | | |
| Vodafone Group PLC | 6,343,427 | \$ | 17,109,234 |
| | | \$ | 17,109,234 |
| Total Common Stocks (identified cost \$1,414,423,846) | | | \$ 1,606,009,309 |

Short-Term Investments 4.8%

| Description | Interest (000 s omitted) | Value |
|---|-----------------------------|---------------|
| Eaton Vance Cash Reserves Fund, LLC, 0.07% ⁽²⁾ | \$ 80,842 | \$ 80,841,998 |

Total Short-Term Investments
(identified cost \$80,841,998) **\$ 80,841,998**

Total Investments 100.6%
(identified cost \$1,495,265,844) **\$ 1,686,851,307**

Call Options Written (0.7)%

| Description | Number of Contracts | Strike Price | Expiration Date | Value |
|---------------|------------------------|-----------------|--------------------|----------------|
| S&P 500 Index | 1,725 | \$ 1,300 | 2/18/12 | \$ (4,174,500) |
| S&P 500 Index | 1,480 | 1,305 | 2/18/12 | (3,137,600) |
| S&P 500 Index | 2,905 | 1,315 | 2/18/12 | (4,502,750) |

Total Call Options Written
(premiums received \$14,034,310) **\$ (11,814,850)**

Other Assets, Less Liabilities 0.1% **\$ 2,453,880**

Net Assets 100.0% **\$ 1,677,490,337**

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

ADR - American Depositary Receipt

PFC Shares - Preference Shares

(1) Non-income producing security.

(2) Affiliated investment company available to Eaton Vance portfolios and funds which invests in high quality, U.S. dollar denominated money market instruments. The rate shown is the annualized seven-day yield as of January 31, 2012. Net income allocated from the investment in Eaton Vance Cash Reserves Fund, LLC for the fiscal year to date ended January 31, 2012 was \$14,455.

Country Concentration of Portfolio

| Country | Percentage of Net Assets | Value |
|--------------------------|-------------------------------------|-------------------------|
| United States | 77.0% | \$ 1,291,676,185 |
| United Kingdom | 7.0 | 116,703,931 |
| France | 3.2 | 53,264,354 |
| Germany | 2.6 | 43,246,942 |
| Ireland | 2.2 | 36,197,674 |
| Switzerland | 2.1 | 35,555,013 |
| Canada | 1.6 | 27,547,005 |
| Spain | 1.1 | 19,150,440 |
| Netherlands | 0.9 | 14,824,808 |
| Norway | 0.6 | 9,577,026 |
| Brazil | 0.6 | 9,504,054 |
| Australia | 0.4 | 6,995,645 |
| Denmark | 0.4 | 6,932,691 |
| Belgium | 0.4 | 6,500,548 |
| Italy | 0.3 | 5,660,635 |
| Sweden | 0.2 | 3,514,356 |
| Total Investments | 100.6% | \$ 1,686,851,307 |

The cost and unrealized appreciation (depreciation) of investments of the Fund at January 31, 2012, as determined on a federal income tax basis, were as follows:

| | |
|------------------------------------|-------------------------|
| Aggregate cost | \$ 1,496,188,296 |
| Gross unrealized appreciation | \$ 247,212,269 |
| Gross unrealized depreciation | (56,549,258) |
| Net unrealized appreciation | \$ 190,663,011 |

Written call options activity for the fiscal year to date ended January 31, 2012 was as follows:

| | Number of Contracts | Premiums Received |
|---|--------------------------------|------------------------------|
| Outstanding, beginning of period | 6,345 | \$ 23,069,562 |
| Options written | 18,735 | 52,901,965 |
| Options terminated in closing purchase transactions | (18,970) | (61,937,217) |
| Outstanding, end of period | 6,110 | \$ 14,034,310 |

All of the assets of the Fund are subject to segregation to satisfy the requirements of the escrow agent. At January 31, 2012, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund writes index call options above the current value of the index to generate premium income. In writing index call options, the Fund in effect, sells potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. The Fund retains the risk of loss, minus the premium received, should the price of the underlying index decline.

At January 31, 2012, the aggregate fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in a liability position and whose primary underlying risk exposure is equity price risk was \$11,814,850.

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

Level 1 quoted prices in active markets for identical investments

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

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

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

At January 31, 2012, the hierarchy of inputs used in valuing the Fund's investments and open derivative instruments, which are carried at value, were as follows:

| Asset Description | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|----------------|----------------|--------------------|--------------|
|--------------------------|----------------|----------------|--------------------|--------------|

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| | | | |
|------------------------------|-------------------------|------------------------|-------------------------|
| Common Stocks | | | |
| Consumer Discretionary | \$ 132,194,957 | \$ 29,719,308 | \$ 161,914,265 |
| Consumer Staples | 148,463,595 | 48,785,213 | 197,248,808 |
| Energy | 152,059,391 | 52,124,543 | 204,183,934 |
| Financials | 183,787,662 | 46,995,731 | 230,783,393 |
| Health Care | 172,945,137 | 51,555,953 | 224,501,090 |
| Industrials | 121,723,071 | 21,606,461 | 143,329,532 |
| Information Technology | 218,507,761 | 7,981,993 | 226,489,754 |
| Materials | 72,630,225 | 16,389,471 | 89,019,696 |
| Telecommunication Services | 58,136,246 | 27,230,377 | 85,366,623 |
| Utilities | 30,630,520 | 12,541,694 | 43,172,214 |
| Total Common Stocks | \$ 1,291,078,565 | \$ 314,930,744* | \$ 1,606,009,309 |
| | | | |
| Short-Term Investments | \$ | \$ 80,841,998 | \$ 80,841,998 |
| | | | |
| Total Investments | \$ 1,291,078,565 | \$ 395,772,742 | \$ 1,686,851,307 |
| | | | |
| Liability Description | | | |
| | | | |
| Call Options Written | \$ (11,814,850) | \$ | \$ (11,814,850) |
| | | | |
| Total | \$ (11,814,850) | \$ | \$ (11,814,850) |

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

The Fund held no investments or other financial instruments as of October 31, 2011 whose fair value was determined using Level 3 inputs. At January 31, 2012, the value of investments transferred between Level 1 and Level 2, if any, during the fiscal year to date then ended was not significant.

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

Item 2. Controls and Procedures

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

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Signatures

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

Eaton Vance Tax-Managed Diversified Equity Income Fund

By: /s/ Walter A. Row, III

Walter A. Row, III
President

Date: March 26, 2012

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/ Walter A. Row, III

Walter A. Row, III
President

Date: March 26, 2012

By: /s/ Barbara E. Campbell

Barbara E. Campbell
Treasurer

Date: March 26, 2012