

Eaton Vance Short Duration Diversified Income Fund
Form N-CSRS
June 24, 2015

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)

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

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number)

October 31

Date of Fiscal Year End

April 30, 2015

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Short Duration Diversified Income Fund (EVG)

Semiannual Report

April 30, 2015

Commodity Futures Trading Commission Registration. Effective December 31, 2012, the Commodity Futures Trading Commission (CFTC) adopted certain regulatory changes that subject registered investment companies and advisers to regulation by the CFTC if a fund invests more than a prescribed level of its assets in certain CFTC-regulated instruments (including futures, certain options and swap agreements) or markets itself as providing investment exposure to such instruments. The Fund is considered to be a commodity pool operator under CFTC regulations. The Fund's adviser is registered with the CFTC as a commodity pool operator and a commodity trading advisor. The CFTC has neither reviewed nor approved the Fund's investment strategies.

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

The Fund currently distributes monthly cash distributions equal to \$0.09 per share in accordance with the MDP. You should not draw any conclusions about the Fund's investment performance from the amount of these distributions or from the terms of the MDP. The MDP will be subject to regular periodic review by the Fund's Board of Trustees and the Board may amend or terminate the MDP at any time without prior notice to Fund shareholders. However, at this time there are no reasonably foreseeable circumstances that might cause the termination of the MDP.

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

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

Semiannual Report April 30, 2015

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Short Duration Diversified Income Fund

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Performance¹

Portfolio Managers Scott H. Page, CFA, Payson F. Swaffield, CFA, Catherine C. McDermott, Andrew Szczurowski, CFA and Eric Stein, CFA

% Average Annual Total Returns	Inception Date	Six Months	One Year	Five Years	Ten Years
Fund at NAV	02/28/2005	2.59%	4.76%	4.35%	6.11%
Fund at Market Price		5.43	4.62	3.38	5.58

% Premium/Discount to NAV²

9.23%

Distributions³

Total Distributions per share for the period	\$ 0.540
Distribution Rate at NAV	6.64%
Distribution Rate at Market Price	7.32%

% Total Leverage⁴

Derivatives	22.86%
Borrowings	20.90

Fund Profile

Asset Allocation (% of total leveraged assets)⁵

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and includes management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than one year is cumulative. Performance is for the

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stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

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Endnotes and Additional Disclosures

- ¹ Performance results reflect the effects of leverage. Absent an expense waiver by the investment adviser, if applicable, the returns would be lower.
- ² The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to <http://eatonvance.com/closedend>.
- ³ The Distribution Rate is based on the Fund's last regular distribution per share in the period (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's distributions may be comprised of amounts characterized for federal income tax purposes as qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. For additional information about nondividend distributions, please refer to Eaton Vance Closed-End Fund Distribution Notices (19a) posted on our website, eatonvance.com. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund's webpage available at eatonvance.com. The Fund's distributions are determined by the investment adviser based on its current assessment of the Fund's long-term return potential. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.
- ⁴ The Fund employs leverage through derivatives and borrowings. Total leverage is shown as a percentage of the Fund's aggregate net assets plus the absolute notional value of long and short derivatives and borrowings outstanding. Use of leverage creates an opportunity for income, but creates risks including greater price volatility. The cost of borrowings rises and falls with changes in short-term interest rates. The Fund may be required to maintain prescribed asset coverage for its leverage and may be required to reduce its leverage at an inopportune time.
- ⁵ Total leveraged assets include all assets of the Fund (including those acquired with financial leverage) and derivatives held by the Fund. Asset Allocation as a percentage of the Fund's net assets amounted to 177.8%. Please refer to the definition of total leveraged assets within the Notes to Consolidated Financial Statements included herein.

Fund profile subject to change due to active management.

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Consolidated Portfolio of Investments (Unaudited)

Senior Floating-Rate Interests 55.2%

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Aerospace and Defense 0.7%		
BE Aerospace, Inc. Term Loan, 4.00%, Maturing December 16, 2021	200	\$ 201,969
DAE Aviation Holdings, Inc. Term Loan, 5.00%, Maturing November 2, 2018	123	123,777
Silver II US Holdings, LLC Term Loan, 4.00%, Maturing December 13, 2019	366	357,301
Standard Aero Limited Term Loan, 5.00%, Maturing November 2, 2018	56	56,017
Transdigm, Inc. Term Loan, 3.75%, Maturing February 28, 2020	905	908,748
Term Loan, 3.75%, Maturing June 4, 2021	323	323,747
		\$ 1,971,559
Air Transport 0.1%		
Virgin America, Inc. Term Loan, 4.50%, Maturing April 4, 2019	450	\$ 411,525
		\$ 411,525
Automotive 2.2%		
Affinia Group Intermediate Holdings, Inc. Term Loan, 4.75%, Maturing April 27, 2020	78	\$ 78,424
Allison Transmission, Inc. Term Loan, 3.50%, Maturing August 23, 2019	615	619,542
Chrysler Group, LLC Term Loan, 3.50%, Maturing May 24, 2017	886	888,955
Term Loan, 3.25%, Maturing December 31, 2018	371	372,138
CS Intermediate Holdco 2, LLC Term Loan, 4.00%, Maturing April 4, 2021	571	574,254
Dayco Products, LLC Term Loan, 5.25%, Maturing December 12, 2019	173	174,116
Federal-Mogul Holdings Corporation Term Loan, 4.75%, Maturing April 15, 2021	670	669,854
Goodyear Tire & Rubber Company (The) Term Loan - Second Lien, 4.75%, Maturing April 30, 2019	958	970,312

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INA Beteiligungsgesellschaft GmbH			
Term Loan, 4.25%, Maturing May 15, 2020	200		201,958
MPG Holdco I, Inc.			
Term Loan, 4.25%, Maturing October 20, 2021	516		518,535
TI Group Automotive Systems, LLC			
Term Loan, 4.25%, Maturing July 2, 2021	645		647,141
Tower Automotive Holdings USA, LLC			
Term Loan, 4.00%, Maturing April 23, 2020	606		608,536
		Principal Amount*	
Borrower/Tranche Description		(000 s omitted)	Value
Automotive (continued)			
Visteon Corporation			
Term Loan, 3.50%, Maturing April 9, 2021	174	\$	173,878
			\$ 6,497,643
Beverage and Tobacco 0.1%			
Flavors Holdings, Inc.			
Term Loan, 6.75%, Maturing April 3, 2020	146	\$	141,863
			\$ 141,863
Brokerage / Securities Dealers / Investment Houses 0.0%			
Astro AB Borrower, Inc.			
Term Loan, Maturing April 30, 2022 ⁽³⁾	75	\$	76,031
			\$ 76,031
Building and Development 0.9%			
ABC Supply Co., Inc.			
Term Loan, 3.50%, Maturing April 16, 2020	246	\$	247,266
CPG International, Inc.			
Term Loan, 4.75%, Maturing September 30, 2020	99		98,069
Gates Global, Inc.			
Term Loan, 4.25%, Maturing July 5, 2021	1,047		1,049,081
Headwaters, Incorporated			
Term Loan, 4.50%, Maturing March 24, 2022	50		50,375
Ply Gem Industries, Inc.			
Term Loan, 4.00%, Maturing February 1, 2021	496		496,241
Quikrete Holdings, Inc.			
Term Loan, 4.00%, Maturing September 28, 2020	165		166,125
RE/MAX International, Inc.			
Term Loan, 4.25%, Maturing July 31, 2020	355		354,454
WireCo WorldGroup, Inc.			
Term Loan, 6.00%, Maturing February 15, 2017	92		92,418
			\$ 2,554,029
Business Equipment and Services 4.7%			
Acosta Holdco, Inc.			
Term Loan, 4.25%, Maturing September 26, 2021	647	\$	654,834
Altisource Solutions S.a.r.l.			
Term Loan, 4.50%, Maturing December 9, 2020	518		448,422
AVSC Holding Corp.			
Term Loan, 4.50%, Maturing January 24, 2021	74		74,621

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Brickman Group Ltd., LLC

Term Loan, 4.00%, Maturing December 18, 2020

148

148,663

Ceridian, LLC

Term Loan, 4.50%, Maturing September 15, 2020

620

620,391

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See Notes to Consolidated Financial Statements.

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Consolidated Portfolio of Investments (Unaudited) continued

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Business Equipment and Services (continued)		
ClientLogic Corporation Term Loan, 7.53%, Maturing January 30, 2017	165	\$ 164,504
Corporate Capital Trust, Inc. Term Loan, 4.00%, Maturing May 15, 2019	571	571,583
Education Management, LLC Term Loan, 5.50%, Maturing July 2, 2020	80	71,920
Term Loan, 8.50%, (2.00% Cash, 6.50% PIK), Maturing July 2, 2020	135	108,568
EIG Investors Corp. Term Loan, 5.00%, Maturing November 9, 2019	465	460,852
Emdeon Business Services, LLC Term Loan, 3.75%, Maturing November 2, 2018	268	269,040
Expert Global Solutions, Inc. Term Loan, 8.50%, Maturing April 3, 2018	115	115,779
Extreme Reach, Inc. Term Loan, 6.75%, Maturing February 7, 2020	140	141,231
Garda World Security Corporation Term Loan, 4.00%, Maturing November 6, 2020	60	60,345
Term Loan, 4.00%, Maturing November 6, 2020	236	235,895
Genpact International, Inc. Term Loan, 3.50%, Maturing August 30, 2019	318	319,026
IG Investment Holdings, LLC Term Loan, 6.00%, Maturing October 29, 2021	370	370,529
IMS Health Incorporated Term Loan, 3.50%, Maturing March 17, 2021	992	994,653
Information Resources, Inc. Term Loan, 4.75%, Maturing September 30, 2020	222	222,940
ION Trading Technologies S.a.r.l. Term Loan, 4.50%, Maturing June 10, 2021	EUR 180	204,538
Term Loan - Second Lien, 7.25%, Maturing June 10, 2022	200	199,500
KAR Auction Services, Inc. Term Loan, 3.50%, Maturing March 11, 2021	544	545,824
Kronos Incorporated Term Loan, 4.50%, Maturing October 30, 2019	439	442,705
Term Loan - Second Lien, 9.75%, Maturing April 30, 2020	200	206,285
MCS AMS Sub-Holdings, LLC Term Loan, 7.00%, Maturing October 15, 2019	91	88,504
Monitronics International, Inc.	99	99,117

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Term Loan, 4.25%, Maturing March 23, 2018			
Term Loan, 4.50%, Maturing April 2, 2022		125	125,781
PGX Holdings, Inc.			
Term Loan, 6.25%, Maturing September 29, 2020		99	99,676
Quintiles Transnational Corp.			
Term Loan, 3.75%, Maturing June 8, 2018		812	815,040
		Principal Amount*	
Borrower/Tranche Description		(000 s omitted)	Value
Business Equipment and Services (continued)			
RCS Capital Corporation			
Term Loan, 6.50%, Maturing April 29, 2019		168	\$ 166,543
Sensus USA, Inc.			
Term Loan, 4.50%, Maturing May 9, 2017		120	119,930
ServiceMaster Company			
Term Loan, 4.25%, Maturing July 1, 2021		423	424,591
SunGard Data Systems, Inc.			
Term Loan, 3.93%, Maturing February 28, 2017		32	32,554
Term Loan, 4.00%, Maturing March 8, 2020		1,482	1,493,219
TNS, Inc.			
Term Loan, 5.00%, Maturing February 14, 2020		170	170,908
TransUnion, LLC			
Term Loan, 4.00%, Maturing April 9, 2021		1,016	1,021,959
Travelport Finance (Luxembourg) S.a.r.l.			
Term Loan, 5.75%, Maturing September 2, 2021		224	227,050
West Corporation			
Term Loan, 3.25%, Maturing June 30, 2018		1,301	1,305,239
			\$ 13,842,759
Cable and Satellite Television 1.2%			
Atlantic Broadband Finance, LLC			
Term Loan, 3.25%, Maturing November 30, 2019		132	\$ 131,966
Cequel Communications, LLC			
Term Loan, 3.50%, Maturing February 14, 2019		736	739,509
CSC Holdings, Inc.			
Term Loan, 2.68%, Maturing April 17, 2020		311	310,374
MCC Iowa, LLC			
Term Loan, 3.25%, Maturing January 29, 2021		172	171,508
Term Loan, 3.75%, Maturing June 30, 2021		149	149,480
Mediacom Illinois, LLC			
Term Loan, 3.75%, Maturing June 30, 2021		75	74,882
Numericable U.S., LLC			
Term Loan, 4.50%, Maturing May 21, 2020		174	174,440
Term Loan, 4.50%, Maturing May 21, 2020		201	201,633
Virgin Media Bristol, LLC			
Term Loan, 3.50%, Maturing June 7, 2020		684	685,215
Virgin Media Investment Holdings Limited			
Term Loan, 4.25%, Maturing June 30, 2023	GBP	300	463,378
Ziggo B.V.			
Term Loan, 3.75%, Maturing January 15, 2022	EUR	65	73,615
Term Loan, 3.75%, Maturing January 15, 2022	EUR	101	114,270
Term Loan, 3.75%, Maturing January 15, 2022	EUR	183	206,832
			\$ 3,497,102

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Consolidated Portfolio of Investments (Unaudited) continued

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Chemicals and Plastics 2.9%		
Aruba Investments, Inc.		
Term Loan, 5.25%, Maturing February 2, 2022	50	\$ 50,530
Axalta Coating Systems US Holdings, Inc.		
Term Loan, 3.75%, Maturing February 1, 2020	516	518,583
AZ Chem US, Inc.		
Term Loan, 4.50%, Maturing June 12, 2021	115	115,851
Colouroz Investment 1, GmbH		
Term Loan, 4.75%, Maturing September 7, 2021	25	24,933
Term Loan, 4.75%, Maturing September 7, 2021	149	150,824
ECO Services Operations, LLC		
Term Loan, 4.75%, Maturing December 4, 2021	75	75,561
Emerald Performance Materials, LLC		
Term Loan, 4.50%, Maturing August 1, 2021	348	350,717
Term Loan - Second Lien, 7.75%, Maturing August 1, 2022	100	100,375
Gemini HDPE, LLC		
Term Loan, 4.75%, Maturing August 7, 2021	372	374,982
Huntsman International, LLC		
Term Loan, 2.72%, Maturing April 19, 2017	1,485	1,487,212
Term Loan, 3.75%, Maturing August 12, 2021	374	376,400
Ineos US Finance, LLC		
Term Loan, 3.75%, Maturing May 4, 2018	1,612	1,617,135
Term Loan, 4.25%, Maturing March 31, 2022	125	125,893
Kronos Worldwide, Inc.		
Term Loan, 4.75%, Maturing February 18, 2020	50	49,941
MacDermid, Inc.		
Term Loan, 4.50%, Maturing June 7, 2020	247	249,558
Term Loan, 4.75%, Maturing June 7, 2020	125	126,113
Minerals Technologies, Inc.		
Term Loan, 4.00%, Maturing May 7, 2021	320	322,298
Orion Engineered Carbons GmbH		
Term Loan, 5.00%, Maturing July 25, 2021	100	100,619
Term Loan, 5.00%, Maturing July 25, 2021	EUR 199	226,147
OXEA Finance, LLC		
Term Loan, 4.25%, Maturing January 15, 2020	123	120,893
Polarpak, Inc.		
Term Loan, 4.50%, Maturing June 7, 2020	209	209,896
PQ Corporation		
Term Loan, 4.00%, Maturing August 7, 2017	220	220,309
Solenis International L.P.		
Term Loan, 4.50%, Maturing July 31, 2021	EUR 174	197,242
Sonneborn Refined Products B.V.		
Term Loan, 5.50%, Maturing December 10, 2020	15	15,093
Borrower/Tranche Description		Value

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	Principal Amount* (000 s omitted)
Chemicals and Plastics (continued)	
Sonneborn, LLC Term Loan, 5.50%, Maturing December 10, 2020	85 \$ 85,529
Tata Chemicals North America, Inc. Term Loan, 3.75%, Maturing August 7, 2020	221 221,201
Trinseo Materials Operating S.C.A. Term Loan, Maturing October 13, 2021 ⁽³⁾	50 50,281
Tronox Pigments (Netherlands) B.V. Term Loan, 4.25%, Maturing March 19, 2020	392 394,106
Univar, Inc. Term Loan, 5.00%, Maturing June 30, 2017	573 576,487
WNA Holdings, Inc. Term Loan, 4.50%, Maturing June 7, 2020	155 155,717
	\$ 8,690,426
Conglomerates 0.4%	
RGIS Services, LLC Term Loan, 5.50%, Maturing October 18, 2017	733 \$ 690,909
Spectrum Brands Europe GmbH Term Loan, 3.75%, Maturing September 4, 2019	EUR 173 195,861
Spectrum Brands, Inc. Term Loan, 3.50%, Maturing September 4, 2019	197 197,739
	\$ 1,084,509
Containers and Glass Products 1.4%	
Berry Plastics Holding Corporation Term Loan, 3.50%, Maturing February 8, 2020	417 \$ 417,281
Term Loan, 3.75%, Maturing January 6, 2021	797 800,525
Crown Americas, LLC Term Loan, 5.50%, Maturing October 22, 2021	299 301,493
Hilex Poly Co., LLC Term Loan, 6.00%, Maturing December 5, 2021	299 303,365
Libbey Glass, Inc. Term Loan, 3.75%, Maturing April 9, 2021	50 49,796
Pelican Products, Inc. Term Loan, 5.25%, Maturing April 10, 2020	434 434,399
Reynolds Group Holdings, Inc. Term Loan, 4.50%, Maturing December 1, 2018	1,492 1,507,501
TricorBraun, Inc. Term Loan, 4.00%, Maturing May 3, 2018	390 390,445
	\$ 4,204,805
Cosmetics / Toiletries 0.3%	
Prestige Brands, Inc. Term Loan, 4.50%, Maturing September 3, 2021	113 \$ 113,611

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Consolidated Portfolio of Investments (Unaudited) continued

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Cosmetics / Toiletries (continued)		
Revlon Consumer Products Corporation		
Term Loan, 4.00%, Maturing October 8, 2019	218	\$ 219,317
Sun Products Corporation (The)		
Term Loan, 5.50%, Maturing March 23, 2020	413	&n