

Eaton Vance Short Duration Diversified Income Fund  
Form N-Q  
March 31, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS 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**  
(Zipcode)

**Alan R. Dynner, Esq.**  
**Eaton Vance Management, 255 State Street, Boston, Massachusetts 02109**  
(Name and Address of Agent for Services)

Registrant's Telephone Number, Including Area Code:

(617) 482-8260

Date of Fiscal Year End:

October 31

Date of Reporting Period:

January 31, 2006

**Item 1. Schedule of Investments**

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Eaton Vance Short Duration Diversified Income Fund

as of January 31, 2006

## PORTFOLIO OF INVESTMENTS (Unaudited)

Senior, Floating Rate Interests 79.7% (1)

| Principal Amount                  |     | Borrower/Tranche Description  | Value               |
|-----------------------------------|-----|---|---------------------|
| <b>Aerospace and Defense 1.6%</b> |     |   |                     |
| \$ 425,000                        |     | <b>Delta Air Lines, Inc.</b><br>Term Loan, 13.51%, Maturing March 16, 2008                | \$ 439,078          |
| 822,222                           |     | <b>Hexcel Corp.</b><br>Term Loan, 6.30%, Maturing March 1, 2012                           | 831,129             |
| 613,672                           |     | <b>K&amp;F Industries, Inc.</b><br>Term Loan, 6.87%, Maturing November 18, 2012           | 621,343             |
| 1,853,615                         |     | <b>Mid-Western Aircraft Systems, Inc.</b><br>Term Loan, 6.85%, Maturing December 31, 2011 | 1,880,841           |
| 711,966                           |     | <b>Standard Aero Holdings, Inc.</b><br>Term Loan, 6.89%, Maturing August 24, 2012         | 707,961             |
| 181,818                           |     | <b>Vought Aircraft Industries, Inc.</b><br>Term Loan, 6.89%, Maturing December 22, 2010   | 184,091             |
| 810,481                           |     | Term Loan, 7.07%, Maturing December 22, 2011  | 819,194             |
|                                   |     |   | <b>\$ 5,483,637</b> |
| <b>Air Transport 0.3%</b>         |     |   |                     |
| 200,000                           |     | <b>United Airlines, Inc.</b><br>DIP Loan, 0.75%, Maturing March 31, 2006 (2)              | 200,625             |
| 722,935                           |     | Term Loan, 8.62%, Maturing December 31, 2006  | 728,808             |
|                                   |     |   | <b>\$ 929,433</b>   |
| <b>Automotive 4.4%</b>            |     |   |                     |
| 753,864                           |     | <b>Accuride Corp.</b><br>Term Loan, 6.55%, Maturing January 31, 2012                      | 763,947             |
| 888,482                           |     | <b>Affina Group, Inc.</b><br>Term Loan, 7.67%, Maturing November 30, 2011                 | 883,595             |
| 425,000                           |     | <b>Axletech International Holding, Inc.</b><br>Term Loan, 10.95%, Maturing April 21, 2013 | 428,010             |
| 379,500                           |     | <b>CSA Acquisition Corp.</b><br>Term Loan, 6.56%, Maturing December 23, 2011              | 381,113             |
| 610,500                           |     | Term Loan, 6.56%, Maturing December 23, 2011  | 613,095             |
| 921,582                           | EUR | <b>Dayco Europe S.R.L.</b><br>Term Loan, 4.90%, Maturing June 21, 2010                    | 1,121,875           |
| 500,000                           |     | <b>Delphi Corp.</b><br>Term Loan, 7.38%, Maturing October 8, 2007                         | 507,708             |
| 647,000                           |     | <b>Dura Operating Corp.</b><br>Term Loan, 7.94%, Maturing May 3, 2011                     | 648,617             |
| 1,469,860                         | EUR | <b>Exide Technologies</b><br>Term Loan, 7.74%, Maturing May 5, 2010                       | 1,798,237           |
| 500,000                           |     | <b>Federal-Mogul Corp.</b><br>DIP Loan, 6.56%, Maturing December 9, 2006                  | 502,500             |
| 361,345                           |     | Term Loan, 6.81%, Maturing December 9, 2006   | 336,842             |
| 420,728                           |     | Term Loan, 7.06%, Maturing December 9, 2006   | 394,302             |

1

|                                 |             |  |               |
|---------------------------------|-------------|--|---------------|
|                                 |             | <b>Goodyear Tire &amp; Rubber Co.</b>                |               |
| \$                              | 635,000     | Term Loan, 7.06%, Maturing April 30, 2010            | \$ 642,210    |
| 500,000                         |             | Term Loan, 7.81%, Maturing March 1, 2011             | 502,250       |
|                                 |             | <b>R.J. Tower Corp.</b>                              |               |
| 370,000                         |             | DIP Revolving Loan, 7.25%, Maturing February 2, 2007 | 377,929       |
|                                 |             | <b>Tenneco Automotive, Inc.</b>                      |               |
| 963,141                         |             | Term Loan, 6.63%, Maturing December 12, 2009         | 979,033       |
| 418,922                         |             | Term Loan, 6.64%, Maturing December 12, 2010         | 425,834       |
|                                 |             | <b>The Goodyear Dunlop Tires</b>                     |               |
| 1,000,000                       | EUR         | Term Loan, 4.52%, Maturing April 30, 2010            | 1,221,282     |
|                                 |             | <b>Trimas Corp.</b>                                  |               |
| 887,030                         |             | Term Loan, 8.38%, Maturing December 31, 2009         | 894,792       |
|                                 |             | <b>TRW Automotive, Inc.</b>                          |               |
| 990,000                         |             | Term Loan, 6.00%, Maturing October 31, 2010          | 994,207       |
| 990,000                         |             | Term Loan, 6.25%, Maturing June 30, 2012             | 991,719       |
|                                 |             |  | \$ 15,409,097 |
| <b>Beverage and Tobacco</b>     | <b>1.0%</b> |  |               |
|                                 |             | <b>Alliance One International, Inc.</b>              |               |
| 248,125                         |             | Term Loan, 8.03%, Maturing May 13, 2010              | 249,055       |
|                                 |             | <b>Constellation Brands, Inc.</b>                    |               |
| 1,174,167                       |             | Term Loan, 5.90%, Maturing November 30, 2011         | 1,189,358     |
|                                 |             | <b>Culligan International Co.</b>                    |               |
| 495,000                         |             | Term Loan, 6.97%, Maturing September 30, 2011        | 501,909       |
|                                 |             | <b>National Dairy Holdings, L.P.</b>                 |               |
| 496,250                         |             | Term Loan, 6.57%, Maturing March 15, 2012            | 499,041       |
|                                 |             | <b>National Distribution Company</b>                 |               |
| 250,000                         |             | Term Loan, 11.06%, Maturing June 22, 2010            | 250,625       |
|                                 |             | <b>Southern Wine &amp; Spirits of America, Inc.</b>  |               |
| 992,500                         |             | Term Loan, 6.03%, Maturing June 1, 2012              | 1,002,270     |
|                                 |             |  | \$ 3,692,258  |
| <b>Building and Development</b> | <b>4.2%</b> |  |               |
|                                 |             | <b>Biomed Realty, L.P.</b>                           |               |
| 660,000                         |             | Term Loan, 6.64%, Maturing May 31, 2010              | 661,650       |
|                                 |             | <b>EpcO / Fantome, LLC</b>                           |               |
| 500,000                         |             | Term Loan, 7.57%, Maturing November 23, 2010         | 500,625       |
|                                 |             | <b>Gables GP, Inc.</b>                               |               |
| 402,276                         |             | Term Loan, 6.16%, Maturing September 30, 2006        | 404,874       |
|                                 |             | <b>General Growth Properties, Inc.</b>               |               |
| 1,657,313                       |             | Term Loan, 6.22%, Maturing November 12, 2007         | 1,660,248     |
|                                 |             | <b>Hovstone Holdings, LLC</b>                        |               |
| 265,000                         |             | Term Loan, 6.78%, Maturing February 28, 2009         | 265,662       |
|                                 |             | <b>Kyle Acquisition Group, LLC</b>                   |               |
| 115,371                         |             | Term Loan, 6.50%, Maturing July 20, 2010             | 116,164       |

|  |             |   |               |
|--|-------------|---|---------------|
|  |             | <b>LNR Property Corp.</b>                     |               |
| \$                                     | 1,469,955   | Term Loan, 7.28%, Maturing February 3, 2008   | \$ 1,482,588  |
|  |             | <b>MAAX Corp.</b>                             |               |
| 634,116                                |             | Term Loan, 7.51%, Maturing June 4, 2011       | 615,093       |
|  |             | <b>Mueller Group, Inc.</b>                    |               |
| 623,438                                |             | Term Loan, 6.75%, Maturing October 3, 2012    | 631,620       |
|  |             | <b>NCI Building Systems, Inc.</b>             |               |
| 744,201                                |             | Term Loan, 5.85%, Maturing June 18, 2010      | 749,085       |
|  |             | <b>Newkirk Master, L.P.</b>                   |               |
| 773,008                                |             | Term Loan, 6.14%, Maturing August 11, 2008    | 779,772       |
|  |             | <b>Nortek, Inc.</b>                           |               |
| 992,462                                |             | Term Loan, 6.95%, Maturing August 27, 2011    | 1,001,457     |
|  |             | <b>Panolam Industries Holdings, Inc.</b>      |               |
| 199,500                                |             | Term Loan, 7.28%, Maturing September 30, 2012 | 202,492       |
|  |             | <b>Stile Acquisition Corp.</b>                |               |
| 937,114                                |             | Term Loan, 6.63%, Maturing April 6, 2013      | 915,346       |
|  |             | <b>Stile U.S. Acquisition Corp.</b>           |               |
| 938,711                                |             | Term Loan, 6.63%, Maturing April 6, 2013      | 916,905       |
|  |             | <b>Sugarloaf Mills, L.P.</b>                  |               |
| 1,000,000                              |             | Term Loan, 6.26%, Maturing April 7, 2007      | 1,005,000     |
|  |             | <b>The Woodlands Community Property Co.</b>   |               |
| 1,000,000                              |             | Term Loan, 6.78%, Maturing November 30, 2007  | 1,007,500     |
|  |             | <b>Tru 2005 Re Holding Co.</b>                |               |
| 1,325,000                              |             | Term Loan, 7.39%, Maturing December 9, 2008   | 1,319,756     |
|  |             | <b>Trustreet Properties, Inc.</b>             |               |
| 385,000                                |             | Term Loan, 6.39%, Maturing April 8, 2010      | 388,850       |
|  |             |   | \$ 14,624,687 |
| <b>Business Equipment and Services</b> | <b>2.7%</b> |   |               |
|  |             | <b>Acco Brands Corp.</b>                      |               |
| 1,484,962                              |             | Term Loan, 6.25%, Maturing August 17, 2012    | 1,504,638     |
|  |             | <b>Affinion Group, Inc.</b>                   |               |
| 546,977                                |             | Term Loan, 7.10%, Maturing October 17, 2012   | 544,242       |
|  |             | <b>Buhrmann US, Inc.</b>                      |               |
| 1,994,937                              | EUR         | Term Loan, 4.22%, Maturing December 23, 2010  | 2,434,564     |
|  |             | <b>DynCorp International, LLC</b>             |               |
| 496,250                                |             | Term Loan, 7.13%, Maturing February 11, 2011  | 501,419       |
|  |             | <b>Global Imaging Systems, Inc.</b>           |               |
| 494,975                                |             | Term Loan, 5.99%, Maturing May 10, 2010       | 498,687       |
|  |             | <b>Protection One, Inc.</b>                   |               |
| 196,411                                |             | Term Loan, 7.44%, Maturing April 18, 2011     | 198,497       |
|  |             | <b>Sungard Data Systems, Inc.</b>             |               |
| 2,989,987                              |             | Term Loan, 6.81%, Maturing February 11, 2013  | 3,024,247     |
|  |             | <b>Williams Scotsman, Inc.</b>                |               |
| 930,000                                |             | Term Loan, 6.91%, Maturing June 28, 2010      | 942,594       |
|  |             |   | \$ 9,648,888  |

|  |         |   |                      |
|--|---------|---|----------------------|
| <b>Cable and Satellite Television 5.0%</b> |         |   |                      |
|  |         | <b>Adelphia Communications Corp.</b>          |                      |
| \$   | 497,364 | DIP Loan, 6.31%, Maturing March 31, 2006      | \$ 499,851           |
|  |         | <b>Canadian Cable Acquisition</b>             |                      |
| 497,500                                    |         | Term Loan, 9.50%, Maturing July 27, 2011      | 504,341              |
|  |         | <b>Cebridge Connections, Inc.</b>             |                      |
| 997,462                                    |         | Term Loan, 10.43%, Maturing February 23, 2010 | 1,034,867            |
|  |         | <b>Charter Communications Operating, LLC</b>  |                      |
| 2,496,896                                  |         | Term Loan, 7.67%, Maturing April 27, 2010     | 2,510,207            |
| 997,468                                    |         | Term Loan, 7.92%, Maturing April 27, 2011     | 1,005,573            |
|  |         | <b>Eno (Altice One)</b>                       |                      |
| 500,000                                    | EUR     | Term Loan, 4.88%, Maturing December 31, 2013  | 613,221              |
| 500,000                                    | EUR     | Term Loan, 5.38%, Maturing December 31, 2014  | 615,878              |
|  |         | <b>Iesy Hessen GmbH and Co., KG</b>           |                      |
| 2,000,000                                  | EUR     | Term Loan, 5.21%, Maturing February 14, 2013  | 2,442,960            |
|  |         | <b>NTL Investment Holdings Ltd.</b>           |                      |
| 1,000,000                                  | GBP     | Term Loan, 7.61%, Maturing April 13, 2011     | 1,780,371            |
|  |         | <b>PKS Media (Netherlands) B.V.</b>           |                      |
| 500,000                                    | EUR     | Term Loan, 4.89%, Maturing October 5, 2013    | 606,801              |
| 1,000,000                                  | EUR     | Term Loan, 5.14%, Maturing October 5, 2013    | 1,228,071            |
| 1,000,000                                  | EUR     | Term Loan, 5.64%, Maturing October 5, 2014    | 1,233,646            |
|  |         | <b>UGS Corp.</b>                              |                      |
| 1,800,453                                  |         | Term Loan, 6.55%, Maturing March 31, 2012     | 1,825,209            |
|  |         | <b>UPC Broadband Holdings B.V.</b>            |                      |
| 1,500,000                                  | EUR     | Term Loan, 5.24%, Maturing September 30, 2012 | 1,818,718            |
|  |         |   | <b>\$ 17,719,714</b> |
| <b>Chemicals and Plastics 5.5%</b>         |         |   |                      |
|  |         | <b>Basell Af S.A.R.L.</b>                     |                      |
| 208,333                                    |         | Term Loan, 6.91%, Maturing August 1, 2013     | 211,784              |
| 41,667                                     |         | Term Loan, 6.91%, Maturing August 1, 2013     | 42,295               |
| 208,333                                    |         | Term Loan, 7.67%, Maturing August 1, 2014     | 211,784              |
| 41,667                                     |         | Term Loan, 7.67%, Maturing August 1, 2014     | 42,325               |
|  |         | <b>Brenntag Holding GmbH and Co.</b>          |                      |
| 1,000,778                                  | EUR     | Term Loan, 7.35%, Maturing December 23, 2013  | 1,230,435            |
|  |         | <b>Celanese Holdings, LLC</b>                 |                      |
| 1,983,020                                  | EUR     | Term Loan, 4.74%, Maturing April 6, 2011      | 2,432,061            |
| 992,983                                    |         | Term Loan, 6.53%, Maturing April 6, 2011      | 1,004,774            |
|  |         | <b>Gentek, Inc.</b>                           |                      |
| 706,221                                    |         | Term Loan, 7.09%, Maturing February 25, 2011  | 713,019              |
|  |         | <b>Hercules, Inc.</b>                         |                      |
| 860,155                                    |         | Term Loan, 6.31%, Maturing October 8, 2010    | 871,444              |
|  |         | <b>Hexion Specialty Chemicals, Inc.</b>       |                      |
| 35,000                                     |         | Term Loan, 4.29%, Maturing May 31, 2012       | 35,558               |
| 209,647                                    |         | Term Loan, 7.06%, Maturing May 31, 2012       | 212,988              |
| 152,534                                    |         | Term Loan, 7.13%, Maturing May 31, 2012       | 154,965              |

|           |           |   |                      |
|-----------|-----------|---|----------------------|
|           |           | <b>Huntsman International, LLC</b>            |                      |
| \$        | 1,380,881 | Term Loan, 6.23%, Maturing August 16, 2012    | \$ 1,389,944         |
|           |           | <b>Innophos, Inc.</b>                         |                      |
| 710,187   |           | Term Loan, 6.80%, Maturing August 13, 2010    | 720,248              |
|           |           | <b>Invista B.V.</b>                           |                      |
| 632,697   |           | Term Loan, 6.38%, Maturing April 29, 2011     | 640,342              |
| 321,620   |           | Term Loan, 6.38%, Maturing April 29, 2011     | 325,506              |
|           |           | <b>Kraton Polymer, LLC</b>                    |                      |
| 744,304   |           | Term Loan, 7.02%, Maturing December 23, 2010  | 755,468              |
|           |           | <b>Nalco Co.</b>                              |                      |
| 2,000,000 |           | Term Loan, 6.56%, Maturing November 4, 2010   | 2,027,876            |
|           |           | <b>PQ Corp.</b>                               |                      |
| 992,500   |           | Term Loan, 6.56%, Maturing February 11, 2012  | 1,005,527            |
|           |           | <b>Professional Paint, Inc.</b>               |                      |
| 240,385   |           | Term Loan, 7.29%, Maturing September 30, 2011 | 242,187              |
|           |           | <b>Rockwood Specialties Group</b>             |                      |
| 1,485,000 | EUR       | Term Loan, 5.29%, Maturing July 30, 2012      | 1,823,522            |
|           |           | <b>Sigmakalon (BC) Holdco B.V.</b>            |                      |
| 8,871     | EUR       | Term Loan, 5.24%, Maturing September 9, 2013  | 10,771               |
| 173,632   | EUR       | Term Loan, 5.24%, Maturing September 9, 2013  | 210,826              |
| 317,498   | EUR       | Term Loan, 5.24%, Maturing September 9, 2013  | 385,511              |
| 107,857   | EUR       | Term Loan, 5.74%, Maturing September 9, 2014  | 131,598              |
| 30,222    | EUR       | Term Loan, 5.74%, Maturing September 9, 2014  | 36,790               |
| 26,409    | EUR       | Term Loan, 5.74%, Maturing September 9, 2014  | 32,222               |
| 335,513   | EUR       | Term Loan, 5.74%, Maturing September 9, 2014  | 409,365              |
| 1,000,000 | EUR       | Term Loan, 7.99%, Maturing September 9, 2015  | 1,202,916            |
|           |           | <b>Solo Cup Co.</b>                           |                      |
| 940,032   |           | Term Loan, 7.03%, Maturing February 27, 2011  | 949,628              |
|           |           |   | <b>\$ 19,463,679</b> |
|           |           | <b>Clothing/Textiles 0.1%</b>                 |                      |
|           |           | <b>St. John Knits International, Inc.</b>     |                      |
| 152,907   |           | Term Loan, 7.06%, Maturing March 23, 2012     | 155,200              |
|           |           | <b>The William Carter Co.</b>                 |                      |
| 215,016   |           | Term Loan, 6.49%, Maturing July 14, 2012      | 217,524              |
|           |           |   | <b>\$ 372,724</b>    |
|           |           | <b>Conglomerates 2.2%</b>                     |                      |
|           |           | <b>Amsted Industries, Inc.</b>                |                      |
| 477,276   |           | Term Loan, 7.10%, Maturing October 15, 2010   | 484,634              |
|           |           | <b>Bushnell Performance Optics</b>            |                      |
| 498,780   |           | Term Loan, 7.53%, Maturing August 19, 2011    | 503,976              |
|           |           | <b>Euramax International, Inc.</b>            |                      |
| 167,105   |           | Term Loan, 11.54%, Maturing June 28, 2013     | 157,914              |
| 82,895    |           | Term Loan, 11.54%, Maturing June 28, 2013     | 78,336               |
|           |           | <b>Goodman Global Holdings, Inc.</b>          |                      |
| 445,936   |           | Term Loan, 6.94%, Maturing December 23, 2011  | 452,904              |

|                                      |             |  |                      |
|--------------------------------------|-------------|--|----------------------|
|                                      |             | <b>Jarden Corp.</b>                          |                      |
| \$                                   | 266,809     | Term Loan, 6.28%, Maturing January 24, 2012  | \$ 268,077           |
| 474,052                              |             | Term Loan, 6.53%, Maturing January 24, 2012  | 478,158              |
|                                      |             | <b>Johnson Diversey, Inc.</b>                |                      |
| 1,629,963                            |             | Term Loan, 6.78%, Maturing December 16, 2011 | 1,646,670            |
|                                      |             | <b>Polymer Group, Inc.</b>                   |                      |
| 1,350,000                            |             | Term Loan, 6.77%, Maturing November 22, 2012 | 1,366,031            |
|                                      |             | <b>PP Acquisition Corp.</b>                  |                      |
| 1,052,888                            |             | Term Loan, 7.53%, Maturing November 12, 2011 | 1,048,062            |
|                                      |             | <b>Rexnord Corp.</b>                         |                      |
| 625,422                              |             | Term Loan, 6.49%, Maturing December 31, 2011 | 633,501              |
|                                      |             | <b>US Investigations Services, Inc.</b>      |                      |
| 673,313                              |             | Term Loan, 7.00%, Maturing October 14, 2012  | 677,942              |
|                                      |             |  | <b>\$ 7,796,205</b>  |
| <b>Containers and Glass Products</b> | <b>4.3%</b> |  |                      |
|                                      |             | <b>Berry Plastics Corp.</b>                  |                      |
| 1,246,026                            |             | Term Loan, 6.45%, Maturing December 2, 2011  | 1,263,938            |
|                                      |             | <b>Crown Americas, Inc.</b>                  |                      |
| 1,000,000                            | EUR         | Term Loan, 4.12%, Maturing November 15, 2012 | 1,214,300            |
|                                      |             | <b>Graham Packaging Holdings Co.</b>         |                      |
| 1,237,500                            |             | Term Loan, 6.84%, Maturing October 7, 2011   | 1,254,184            |
| 500,000                              |             | Term Loan, 8.81%, Maturing April 7, 2012     | 512,291              |
|                                      |             | <b>Graphic Packaging International, Inc.</b> |                      |
| 2,394,279                            |             | Term Loan, 6.98%, Maturing August 8, 2010    | 2,433,935            |
|                                      |             | <b>JSG Acquisitions</b>                      |                      |
| 1,250,000                            | EUR         | Term Loan, 5.14%, Maturing December 31, 2014 | 1,517,116            |
| 1,250,000                            | EUR         | Term Loan, 5.64%, Maturing December 31, 2014 | 1,517,116            |
|                                      |             | <b>Owens-Illinois, Inc.</b>                  |                      |
| 1,169,682                            | EUR         | Term Loan, 4.14%, Maturing April 1, 2008     | 1,429,667            |
|                                      |             | <b>Pregis Corp.</b>                          |                      |
| 997,500                              |             | Term Loan, 6.82%, Maturing October 12, 2011  | 1,005,917            |
|                                      |             | <b>Smurfit-Stone Container Corp.</b>         |                      |
| 428,496                              |             | Term Loan, 4.29%, Maturing November 1, 2010  | 433,130              |
| 1,565,087                            |             | Term Loan, 6.71%, Maturing November 1, 2011  | 1,582,303            |
| 827,043                              |             | Term Loan, 6.73%, Maturing November 1, 2011  | 836,141              |
|                                      |             |  | <b>\$ 15,000,038</b> |
| <b>Cosmetics/Toiletries</b>          | <b>0.5%</b> |  |                      |
|                                      |             | <b>American Safety Razor Co.</b>             |                      |
| 464,028                              |             | Term Loan, 7.15%, Maturing February 28, 2012 | 470,988              |
|                                      |             | <b>Prestige Brands, Inc.</b>                 |                      |
| 744,410                              |             | Term Loan, 6.34%, Maturing April 6, 2011     | 751,855              |
|                                      |             | <b>Revlon Consumer Products Corp.</b>        |                      |
| 656,250                              |             | Term Loan, 10.23%, Maturing July 9, 2010     | 676,860              |
|                                      |             |  | <b>\$ 1,899,703</b>  |



|   |  |                     |
|---|--|---------------------|
| <b>Drugs 0.5%</b>                             |  |                     |
|   | <b>Patheon, Inc.</b>                                 |                     |
| \$ 600,000                                    | Term Loan, 6.91%, Maturing December 14, 2011         | \$ 603,750          |
|   | <b>Warner Chilcott Corp.</b>                         |                     |
| 780,708                                       | Term Loan, 7.14%, Maturing January 18, 2012          | 785,038             |
| 314,587                                       | Term Loan, 7.28%, Maturing January 18, 2012          | 316,332             |
| 145,330                                       | Term Loan, 7.28%, Maturing January 18, 2012          | 146,136             |
|   |  | <b>\$ 1,851,256</b> |
| <b>Ecological Services and Equipment 0.7%</b> |  |                     |
|   | <b>Allied Waste Industries, Inc.</b>                 |                     |
| 200,676                                       | Term Loan, 2.31%, Maturing January 15, 2012          | 202,545             |
| 516,879                                       | Term Loan, 6.35%, Maturing January 15, 2012          | 521,482             |
|   | <b>Envirocare of Utah, LLC</b>                       |                     |
| 306,591                                       | Term Loan, 7.38%, Maturing April 15, 2010            | 310,679             |
|   | <b>Environmental Systems Products Holdings, Inc.</b> |                     |
| 619,178                                       | Term Loan, 8.07%, Maturing December 12, 2008         | 630,982             |
|   | <b>Sensus Metering Systems, Inc.</b>                 |                     |
| 53,627  | Term Loan, 6.81%, Maturing December 17, 2010         | 54,213              |
| 414,818                                       | Term Loan, 6.84%, Maturing December 17, 2010         | 419,355             |
|   | <b>Synagro Technologies, Inc.</b>                    |                     |
| 37,857  | Term Loan, 6.75%, Maturing June 21, 2012             | 37,952              |
| 227,143                                       | Term Loan, 6.86%, Maturing June 21, 2012             | 228,279             |
|   |  | <b>\$ 2,405,487</b> |
| <b>Electronics/Electrical 1.5%</b>            |  |                     |
|   | <b>AMI Semiconductor, Inc.</b>                       |                     |
| 253,089                                       | Term Loan, 6.06%, Maturing April 1, 2012             | 254,776             |
|   | <b>Aspect Software, Inc.</b>                         |                     |
| 750,000                                       | Term Loan, 6.56%, Maturing September 22, 2010        | 757,031             |
|   | <b>Avago Technologies Finance PTE</b>                |                     |
| 400,000                                       | Term Loan, 6.85%, Maturing December 1, 2012          | 401,438             |
|   | <b>Security Co., Inc.</b>                            |                     |
| 744,341                                       | Term Loan, 9.50%, Maturing June 30, 2010             | 749,923             |
|   | <b>Spectrum Brands, Inc.</b>                         |                     |
| 2,000,000                                     | Term Loan, 4.77%, Maturing February 7, 2012          | 2,435,684           |
|   | <b>Telcordia Technologies, Inc.</b>                  |                     |
| 671,184                                       | Term Loan, 6.91%, Maturing September 15, 2012        | 664,053             |
|   |  | <b>\$ 5,262,905</b> |
| <b>Equipment Leasing 0.6%</b>                 |  |                     |
|   | <b>Ashtead Group, PLC</b>                            |                     |
| 990,000                                       | Term Loan, 6.13%, Maturing November 12, 2009         | 1,000,210           |
|   | <b>Maxim Crane Works, L.P.</b>                       |                     |
| 500,000                                       | Term Loan, 9.94%, Maturing January 28, 2012          | 513,958             |

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|                                 |             |  |                     |
|---------------------------------|-------------|--|---------------------|
|                                 |             | <b>United Rentals, Inc.</b>                          |                     |
| \$                              | 84,034      | Term Loan, 4.39%, Maturing February 14, 2011         | \$ 85,084           |
| 412,815                         |             | Term Loan, 6.79%, Maturing February 14, 2011         | 417,975             |
|                                 |             |  | <b>\$ 2,017,227</b> |
| <b>Financial Intermediaries</b> | <b>1.9%</b> |  |                     |
|                                 |             | <b>AIMCO Properties, L.P.</b>                        |                     |
| 300,000                         |             | Term Loan, 6.35%, Maturing November 2, 2009          | 304,219             |
| 1,500,000                       |             | Term Loan, 6.42%, Maturing November 2, 2009          | 1,522,969           |
|                                 |             | <b>Ameritrade Holding Corp.</b>                      |                     |
| 1,300,000                       |             | Term Loan, 6.04%, Maturing December 31, 2012         | 1,308,287           |
|                                 |             | <b>Blitz F04-506 GmbH</b>                            |                     |
| 500,000                         | EUR         | Term Loan, 5.46%, Maturing June 30, 2014             | 616,068             |
|                                 |             | <b>Fidelity National Information Solutions, Inc.</b> |                     |
| 2,726,367                       |             | Term Loan, 6.19%, Maturing March 9, 2013             | 2,745,452           |
|                                 |             | <b>The Macerich Partnership, L.P.</b>                |                     |
| 260,000                         |             | Term Loan, 5.94%, Maturing April 25, 2010            | 261,896             |
|                                 |             |  | <b>\$ 6,758,891</b> |
| <b>Food Products</b>            | <b>1.9%</b> |  |                     |
|                                 |             | <b>Acosta, Inc.</b>                                  |                     |
| 1,275,000                       |             | Term Loan, 6.82%, Maturing December 6, 2012          | 1,289,344           |
|                                 |             | <b>American Seafoods Group, LLC</b>                  |                     |
| 987,500                         |             | Term Loan, 6.28%, Maturing September 30, 2011        | 1,001,695           |
|                                 |             | <b>BF Bolthouse HoldCo LLC</b>                       |                     |
| 375,000                         |             | Term Loan, 9.92%, Maturing December 16, 2013         | 384,219             |
|                                 |             | <b>Chiquita Brands, LLC</b>                          |                     |
| 912,295                         |             | Term Loan, 6.56%, Maturing June 28, 2012             | 923,129             |
|                                 |             | <b>Doane Pet Care Co.</b>                            |                     |
| 199,500                         |             | Term Loan, 6.77%, Maturing October 21, 2012          | 202,368             |
|                                 |             | <b>Dole Food Company, Inc.</b>                       |                     |
| 245,023                         |             | Term Loan, 6.06%, Maturing April 18, 2012            | 246,336             |
|                                 |             | <b>Herbalife International, Inc.</b>                 |                     |
| 448,867                         |             | Term Loan, 6.39%, Maturing December 21, 2010         | 453,168             |
|                                 |             | <b>Michael Foods, Inc.</b>                           |                     |
| 250,000                         |             | Term Loan, 6.66%, Maturing November 21, 2010         | 253,489             |
|                                 |             | <b>Nash-Finch Co.</b>                                |                     |
| 500,000                         |             | Term Loan, 6.81%, Maturing November 12, 2010         | 503,750             |
|                                 |             | <b>Reddy Ice Group, Inc.</b>                         |                     |
| 925,000                         |             | Term Loan, 6.32%, Maturing August 9, 2012            | 934,540             |
|                                 |             | <b>The Meow Mix Company</b>                          |                     |
| 351,579                         |             | Term Loan, 7.74%, Maturing July 13, 2011             | 357,072             |
|                                 |             |  | <b>\$ 6,549,110</b> |
| <b>Food Service</b>             | <b>1.0%</b> |  |                     |
|                                 |             | <b>Carrols Corp.</b>                                 |                     |
| 482,570                         |             | Term Loan, 7.00%, Maturing December 31, 2010         | 489,809             |
| 8                               |             |  |                     |

|                            |             |   |                     |
|----------------------------|-------------|---|---------------------|
|                            |             | <b>Denny s, Inc.</b>                          |                     |
| \$                         | 990,009     | Term Loan, 7.61%, Maturing September 30, 2009 | \$ 1,009,603        |
|                            |             | <b>Domino s, Inc.</b>                         |                     |
|                            | 1,040,195   | Term Loan, 6.06%, Maturing June 25, 2010      | 1,052,548           |
|                            |             | <b>Jack in the Box, Inc.</b>                  |                     |
|                            | 977,896     | Term Loan, 5.92%, Maturing January 8, 2011    | 988,286             |
|                            |             |   | <b>\$ 3,540,246</b> |
| <b>Food/Drug Retailers</b> | <b>1.1%</b> |   |                     |
|                            |             | <b>General Nutrition Centers, Inc.</b>        |                     |
|                            | 989,899     | Term Loan, 7.49%, Maturing December 7, 2009   | 1,003,820           |
|                            |             | <b>Giant Eagle, Inc.</b>                      |                     |
|                            | 450,000     | Term Loan, 5.98%, Maturing November 7, 2012   | 452,742             |
|                            |             | <b>Roundy s Supermarkets, Inc.</b>            |                     |
|                            | 825,000     | Term Loan, 7.46%, Maturing November 3, 2011   | 822,937             |
|                            |             | <b>The Jean Coutu Group (PJC), Inc.</b>       |                     |
|                            | 1,456,302   | Term Loan, 6.94%, Maturing July 30, 2011      | 1,475,316           |
|                            |             |   | <b>\$ 3,754,815</b> |
| <b>Forest Products</b>     | <b>2.1%</b> |   |                     |
|                            |             | <b>Boise Cascade Holdings, LLC</b>            |                     |
|                            | 2,385,185   | Term Loan, 6.29%, Maturing October 29, 2011   | 2,419,770           |
|                            |             | <b>Buckeye Technologies, Inc.</b>             |                     |
|                            | 598,477     | Term Loan, 6.28%, Maturing March 15, 2008     | 603,838             |
|                            |             | <b>NewPage Corp.</b>                          |                     |
|                            | 960,175     | Term Loan, 7.56%, Maturing May 2, 2011        | 972,177             |
|                            |             | <b>RLC Industries Co.</b>                     |                     |
|                            | 1,441,277   | Term Loan, 6.03%, Maturing February 24, 2010  | 1,449,384           |
|                            |             | <b>Xerium Technologies, Inc.</b>              |                     |
|                            | 1,586,507   | Term Loan, 4.74%, Maturing May 18, 2012       | 1,943,352           |
|                            |             |   | <b>\$ 7,388,521</b> |
| <b>Healthcare</b>          | <b>5.0%</b> |   |                     |
|                            |             | <b>Accellent, Inc.</b>                        |                     |
|                            | 600,000     | Term Loan, 6.39%, Maturing November 22, 2012  | 605,250             |
|                            |             | <b>Alliance Imaging, Inc.</b>                 |                     |
|                            | 493,429     | Term Loan, 7.13%, Maturing December 29, 2011  | 494,725             |
|                            |             | <b>AMR HoldCo, Inc.</b>                       |                     |
|                            | 354,643     | Term Loan, 6.71%, Maturing February 10, 2012  | 359,076             |
|                            |             | <b>Carl Zeiss Topco GMBH</b>                  |                     |
|                            | 166,667     | Term Loan, 6.95%, Maturing February 28, 2013  | 168,125             |
|                            | 333,333     | Term Loan, 7.45%, Maturing February 28, 2014  | 335,833             |
|                            | 500,000     | Term Loan, 9.70%, Maturing August 31, 2014    | 509,375             |
|                            |             | <b>Colgate Medical, Ltd.</b>                  |                     |
|                            | 282,297     | Term Loan, 6.60%, Maturing December 30, 2008  | 283,885             |
|                            |             | <b>Community Health Systems, Inc.</b>         |                     |
|                            | 989,975     | Term Loan, 6.16%, Maturing August 19, 2011    | 1,004,103           |

|                         |             |   |               |
|-------------------------|-------------|---|---------------|
|                         |             | <b>Concentra Operating Corp.</b>              |               |
| \$                      | 1,072,313   | Term Loan, 6.69%, Maturing September 30, 2011 | \$ 1,086,834  |
|                         |             | <b>Davita, Inc.</b>                           |               |
|                         | 1,720,688   | Term Loan, 6.76%, Maturing October 5, 2012    | 1,747,281     |
|                         |             | <b>Encore Medical IHC, Inc.</b>               |               |
|                         | 542,163     | Term Loan, 7.49%, Maturing October 4, 2010    | 548,263       |
|                         |             | <b>FHC Health Systems, Inc.</b>               |               |
|                         | 294,118     | Term Loan, 10.41%, Maturing December 18, 2009 | 300,000       |
|                         | 205,882     | Term Loan, 12.41%, Maturing December 18, 2009 | 210,000       |
|                         |             | <b>Healthsouth Corp.</b>                      |               |
|                         | 444,641     | Term Loan, 7.07%, Maturing June 14, 2007      | 446,725       |
|                         | 53,125      | Term Loan, 2.50%, Maturing March 21, 2010     | 53,374        |
|                         |             | <b>Kinetic Concepts, Inc.</b>                 |               |
|                         | 332,884     | Term Loan, 6.28%, Maturing August 11, 2010    | 336,906       |
|                         |             | <b>Lifecare Holdings, Inc.</b>                |               |
|                         | 224,438     | Term Loan, 6.65%, Maturing August 11, 2012    | 203,350       |
|                         |             | <b>Lifepoint Hospitals, Inc.</b>              |               |
|                         | 1,653,993   | Term Loan, 6.19%, Maturing April 15, 2012     | 1,665,939     |
|                         |             | <b>Moinlycke</b>                              |               |
|                         | 500,000     | Term Loan, 4.98%, Maturing November 4, 2013   | 616,144       |
|                         | 500,000     | Term Loan, 5.48%, Maturing November 4, 2014   | 618,921       |
|                         |             | <b>National Mentor, Inc.</b>                  |               |
|                         | 946,877     | Term Loan, 6.81%, Maturing September 30, 2011 | 959,304       |
|                         |             | <b>Select Medical Holding Corp.</b>           |               |
|                         | 496,250     | Term Loan, 6.12%, Maturing February 24, 2012  | 492,115       |
|                         |             | <b>Sirona Dental Services GmbH</b>            |               |
|                         | 340,000     | Term Loan, 4.98%, Maturing June 30, 2013      | 417,550       |
|                         | 160,000     | Term Loan, 4.96%, Maturing June 30, 2013      | 196,494       |
|                         |             | <b>Talecris Biotherapeutics, Inc.</b>         |               |
|                         | 248,125     | Term Loan, 7.63%, Maturing March 31, 2010     | 247,505       |
|                         |             | <b>Vanguard Health Holding Co., LLC</b>       |               |
|                         | 744,375     | Term Loan, 6.95%, Maturing September 23, 2011 | 754,765       |
|                         |             | <b>Ventiv Health, Inc.</b>                    |               |
|                         | 997,500     | Term Loan, 6.03%, Maturing October 5, 2011    | 1,004,358     |
|                         |             | <b>VWR International, Inc.</b>                |               |
|                         | 1,576,667   | Term Loan, 5.26%, Maturing April 7, 2011      | 1,934,090     |
|                         |             |   | \$ 17,600,290 |
| <b>Home Furnishings</b> | <b>0.4%</b> |   |               |
|                         |             | <b>Oreck Corp.</b>                            |               |
|                         | 496,241     | Term Loan, 7.28%, Maturing February 2, 2012   | 501,823       |
|                         |             | <b>Sealy Mattress Co.</b>                     |               |
|                         | 840,266     | Term Loan, 6.14%, Maturing April 6, 2012      | 850,507       |
|                         |             |   | \$ 1,352,330  |

10

|   |  |                      |
|---|--|----------------------|
| <b>Industrial Equipment 0.9%</b>            |  |                      |
|   | <b>Alliance Laundry Holdings, LLC</b>            |                      |
| \$ 318,242                                  | Term Loan, 6.73%, Maturing January 27, 2012      | \$ 322,817           |
|   | <b>Douglas Dynamics Holdings, Inc.</b>           |                      |
| 990,008                                     | Term Loan, 6.28%, Maturing December 16, 2010     | 997,433              |
|   | <b>Gleason Corp.</b>                             |                      |
| 420,147                                     | Term Loan, 6.97%, Maturing July 27, 2011         | 425,399              |
|   | <b>MTD Products, Inc.</b>                        |                      |
| 1,240,554                                   | Term Loan, 6.19%, Maturing June 1, 2010          | 1,251,409            |
|   |  | <b>\$ 2,997,058</b>  |
| <b>Insurance 0.6%</b>                       |  |                      |
|   | <b>ARG Holding, Inc.</b>                         |                      |
| 400,000                                     | Term Loan, 7.22%, Maturing November 30, 2011     | 404,750              |
|   | <b>Conseco, Inc.</b>                             |                      |
| 875,526                                     | Term Loan, 6.47%, Maturing June 22, 2010         | 883,187              |
|   | <b>Hilb, Rogal &amp; Hobbs Co.</b>               |                      |
| 967,725                                     | Term Loan, 6.81%, Maturing June 30, 2007         | 978,007              |
|   |  | <b>\$ 2,265,944</b>  |
| <b>Leisure Goods/Activities/Movies 3.1%</b> |  |                      |
|   | <b>24 Hour Fitness Worldwide, Inc.</b>           |                      |
| 405,000                                     | Term Loan, 7.62%, Maturing June 8, 2012          | 410,738              |
|   | <b>Cinemark, Inc.</b>                            |                      |
| 1,468,825                                   | Term Loan, 6.53%, Maturing March 31, 2011        | 1,490,490            |
|   | <b>Fender Musical Instruments Co.</b>            |                      |
| 250,000                                     | Term Loan, 8.72%, Maturing March 30, 2012        | 251,250              |
|   | <b>Metro-Goldwyn-Mayer Holdings, Inc.</b>        |                      |
| 2,165,000                                   | Term Loan, 6.78%, Maturing April 8, 2012         | 2,189,848            |
|   | <b>Regal Cinemas Corp.</b>                       |                      |
| 2,977,311                                   | Term Loan, 6.53%, Maturing November 10, 2010     | 3,014,899            |
|   | <b>Six Flags Theme Parks, Inc.</b>               |                      |
| 1,486,171                                   | Term Loan, 6.95%, Maturing June 30, 2009         | 1,505,330            |
|   | <b>Universal City Development Partners, Ltd.</b> |                      |
| 990,000                                     | Term Loan, 6.50%, Maturing June 9, 2011          | 1,002,581            |
|   | <b>WMG Acquisition Corp.</b>                     |                      |
| 994,122                                     | Term Loan, 6.50%, Maturing February 28, 2011     | 1,004,762            |
|   |  | <b>\$ 10,869,898</b> |
| <b>Lodging and Casinos 3.6%</b>             |  |                      |
|   | <b>Alliance Gaming Corp.</b>                     |                      |
| 997,213                                     | Term Loan, 8.18%, Maturing September 4, 2009     | 998,772              |
|   | <b>Ameristar Casinos, Inc.</b>                   |                      |
| 275,000                                     | Term Loan, 5.87%, Maturing November 10, 2012     | 277,535              |

|                                   |             |   |                      |
|-----------------------------------|-------------|---|----------------------|
|                                   |             | <b>Columbia Entertainment</b>                       |                      |
| \$                                | 498,750     | Term Loan, 7.03%, Maturing October 24, 2011         | \$ 502,647           |
|                                   |             | <b>Gala Electric Casinos, Ltd.</b>                  |                      |
| 875,000                           | GBP         | Term Loan, 7.17%, Maturing December 12, 2013        | 1,563,388            |
| 875,000                           | GBP         | Term Loan, 7.67%, Maturing December 12, 2014        | 1,569,618            |
|                                   |             | <b>Isle of Capri Casinos, Inc.</b>                  |                      |
| 1,980,000                         |             | Term Loan, 6.29%, Maturing February 4, 2011         | 2,005,740            |
|                                   |             | <b>Marina District Finance Co., Inc.</b>            |                      |
| 990,000                           |             | Term Loan, 6.31%, Maturing October 20, 2011         | 996,961              |
|                                   |             | <b>Penn National Gaming, Inc.</b>                   |                      |
| 1,411,463                         |             | Term Loan, 6.34%, Maturing October 3, 2012          | 1,431,752            |
|                                   |             | <b>Pinnacle Entertainment, Inc.</b>                 |                      |
| 225,000                           |             | Term Loan, 0.50%, Maturing<br>December 14, 2011 (2) | 225,984              |
| 200,000                           |             | Term Loan, 6.49%, Maturing December 14, 2011        | 201,958              |
|                                   |             | <b>Resorts International Holdings, LLC</b>          |                      |
| 718,030                           |             | Term Loan, 7.53%, Maturing April 26, 2012           | 706,003              |
| 187,612                           |             | Term Loan, 12.03%, Maturing April 26, 2013          | 169,977              |
|                                   |             | <b>Venetian Casino Resort, LLC</b>                  |                      |
| 1,243,590                         |             | Term Loan, 6.28%, Maturing June 15, 2011            | 1,255,929            |
| 256,410                           |             | Term Loan, 6.28%, Maturing June 15, 2011            | 258,954              |
|                                   |             | <b>Wynn Las Vegas, LLC</b>                          |                      |
| 500,000                           |             | Term Loan, 6.69%, Maturing December 14, 2011        | 505,813              |
|                                   |             |   | <b>\$ 12,671,031</b> |
| <b>Nonferrous Metals/Minerals</b> | <b>1.3%</b> |   |                      |
|                                   |             | <b>Alpha Natural Resources, LLC</b>                 |                      |
| 500,000                           |             | Term Loan, 6.32%, Maturing October 26, 2012         | 502,604              |
|                                   |             | <b>Foundation Coal Corp.</b>                        |                      |
| 836,343                           |             | Term Loan, 6.35%, Maturing July 30, 2011            | 851,559              |
|                                   |             | <b>International Mill Service, Inc.</b>             |                      |
| 498,750                           |             | Term Loan, 7.28%, Maturing December 31, 2010        | 506,231              |
|                                   |             | <b>Murray Energy Corp.</b>                          |                      |
| 744,375                           |             | Term Loan, 7.56%, Maturing January 28, 2010         | 746,701              |
|                                   |             | <b>Novelis, Inc.</b>                                |                      |
| 394,194                           |             | Term Loan, 6.01%, Maturing January 6, 2012          | 399,306              |
| 684,652                           |             | Term Loan, 6.01%, Maturing January 6, 2012          | 693,532              |
|                                   |             | <b>Pinnoak Resources, LLC</b>                       |                      |
| 500,000                           |             | Term Loan, 7.89%, Maturing November 22, 2012        | 503,750              |
|                                   |             | <b>Trout Coal Holdings, LLC</b>                     |                      |
| 500,000                           |             | Term Loan, 10.83%, Maturing March 23, 2012          | 500,000              |
|                                   |             |   | <b>\$ 4,703,683</b>  |

| <b>Oil and Gas 3.3%</b> |     |   |                      |
|-------------------------|-----|---|----------------------|
|                         |     | <b>Coffeyville Resources, LLC</b>             |                      |
| \$ 400,601              |     | Term Loan, 3.87%, Maturing June 24, 2011      | \$ 406,235           |
| 597,901                 |     | Term Loan, 7.07%, Maturing June 24, 2012      | 606,309              |
|                         |     | <b>Dresser Rand Group, Inc.</b>               |                      |
| 976,902                 | EUR | Term Loan, 4.71%, Maturing October 29, 2011   | 1,192,183            |
|                         |     | <b>El Paso Corp.</b>                          |                      |
| 1,000,000               |     | Term Loan, 4.29%, Maturing November 23, 2009  | 1,005,417            |
| 1,229,920               |     | Term Loan, 7.31%, Maturing November 23, 2009  | 1,239,742            |
|                         |     | <b>Epco Holdings, Inc.</b>                    |                      |
| 990,000                 |     | Term Loan, 6.78%, Maturing August 18, 2010    | 1,004,618            |
|                         |     | <b>Key Energy Services, Inc.</b>              |                      |
| 500,000                 |     | Term Loan, 7.68%, Maturing June 30, 2012      | 507,709              |
|                         |     | <b>LB Pacific, L.P.</b>                       |                      |
| 714,600                 |     | Term Loan, 7.09%, Maturing March 3, 2012      | 725,319              |
|                         |     | <b>Lyondell-Citgo Refining, L.P.</b>          |                      |
| 1,970,000               |     | Term Loan, 6.53%, Maturing May 21, 2007       | 1,989,700            |
|                         |     | <b>Petroleum Geo-Services ASA</b>             |                      |
| 775,000                 |     | Term Loan, 7.00%, Maturing December 16, 2012  | 785,414              |
|                         |     | <b>Targa Resources, Inc.</b>                  |                      |
| 390,000                 |     | Term Loan, 6.83%, Maturing October 31, 2007   | 391,463              |
| 87,903                  |     | Term Loan, 4.40%, Maturing October 31, 2012   | 88,892               |
| 545,729                 |     | Term Loan, 6.74%, Maturing October 31, 2012   | 551,868              |
|                         |     | <b>Universal Compression, Inc.</b>            |                      |
| 997,489                 |     | Term Loan, 6.03%, Maturing February 15, 2012  | 1,009,335            |
|                         |     |   | <b>\$ 11,504,204</b> |
| <b>Publishing 4.9%</b>  |     |   |                      |
|                         |     | <b>CBD Media, LLC</b>                         |                      |
| 862,745                 |     | Term Loan, 6.99%, Maturing December 31, 2009  | 875,956              |
|                         |     | <b>Dex Media East, LLC</b>                    |                      |
| 1,830,316               |     | Term Loan, 6.19%, Maturing May 8, 2009        | 1,848,100            |
|                         |     | <b>Dex Media West, LLC</b>                    |                      |
| 859,482                 |     | Term Loan, 6.25%, Maturing March 9, 2010      | 868,435              |
|                         |     | <b>Hanley-Wood, LLC</b>                       |                      |
| 53,338                  |     | Term Loan, 1.13%, Maturing August 1, 2012 (2) | 53,627               |
| 446,662                 |     | Term Loan, 6.56%, Maturing August 1, 2012     | 449,082              |
|                         |     | <b>Herald Media, Inc.</b>                     |                      |
| 494,678                 |     | Term Loan, 7.28%, Maturing July 22, 2011      | 497,152              |
|                         |     | <b>Liberty Group Operating, Inc.</b>          |                      |
| 980,094                 |     | Term Loan, 6.69%, Maturing February 28, 2012  | 989,650              |
|                         |     | <b>Nebraska Book Co., Inc.</b>                |                      |
| 744,318                 |     | Term Loan, 6.52%, Maturing March 4, 2011      | 747,575              |
|                         |     | <b>R.H. Donnelley Corp.</b>                   |                      |
| 1,979,950               |     | Term Loan, 6.26%, Maturing June 30, 2011      | 1,997,274            |
|                         |     | <b>Seat Pagine Gialle Spa</b>                 |                      |
| 2,000,000               | EUR | Term Loan, 4.85%, Maturing May 25, 2012       | 2,454,142            |

|                             |             |   |                      |
|-----------------------------|-------------|---|----------------------|
|                             |             | <b>SP Newsprint Co.</b>                       |                      |
| \$                          | 652,602     | Term Loan, 4.56%, Maturing January 9, 2010    | \$ 662,391           |
| 252,321                     |             | Term Loan, 6.81%, Maturing January 9, 2010    | 256,105              |
|                             |             | <b>World Directories ACQI Corp.</b>           |                      |
| 500,000                     | EUR         | Term Loan, 5.20%, Maturing November 29, 2012  | 611,511              |
| 2,000,000                   | EUR         | Term Loan, 5.70%, Maturing November 29, 2013  | 2,454,545            |
|                             |             | <b>Xsys, Inc.</b>                             |                      |
| 1,000,000                   | EUR         | Term Loan, 4.76%, Maturing September 27, 2014 | 1,229,985            |
|                             |             | <b>YBR Acquisition BV</b>                     |                      |
| 450,000                     | EUR         | Term Loan, 5.15%, Maturing June 30, 2013      | 553,915              |
| 450,000                     | EUR         | Term Loan, 5.65%, Maturing June 30, 2014      | 556,129              |
|                             |             |   | <b>\$ 17,105,574</b> |
| <b>Radio and Television</b> | <b>3.7%</b> |   |                      |
|                             |             | <b>Adams Outdoor Advertising, L.P.</b>        |                      |
| 466,132                     |             | Term Loan, 6.62%, Maturing November 18, 2012  | 473,124              |
|                             |             | <b>ALM Media Holdings, Inc.</b>               |                      |
| 496,250                     |             | Term Loan, 7.03%, Maturing March 5, 2010      | 496,457              |
|                             |             | <b>Blockcommunications, Inc.</b>              |                      |
| 275,000                     |             | Term Loan, 6.53%, Maturing December 22, 2011  | 278,781              |
|                             |             | <b>DirectTV Holdings, LLC</b>                 |                      |
| 836,667                     |             | Term Loan, 6.01%, Maturing April 13, 2013     | 846,275              |
|                             |             | <b>Entravision Communications Corp.</b>       |                      |
| 324,188                     |             | Term Loan, 6.03%, Maturing September 29, 2013 | 326,686              |
|                             |             | <b>Nexstar Broadcasting, Inc.</b>             |                      |
| 393,063                     |             | Term Loan, 6.28%, Maturing October 1, 2012    | 395,438              |
| 400,118                     |             | Term Loan, 6.28%, Maturing October 1, 2012    | 402,536              |
|                             |             | <b>PanAmSat Corp.</b>                         |                      |
| 359,864                     |             | Term Loan, 6.31%, Maturing August 20, 2010    | 363,606              |
| 188,162                     |             | Term Loan, 6.31%, Maturing August 20, 2010    | 190,118              |
| 1,500,000                   |             | Term Loan, 6.49%, Maturing August 20, 2011    | 1,519,500            |
|                             |             | <b>Paxson Communications Corp.</b>            |                      |
| 850,000                     |             | Term Loan, 7.78%, Maturing January 15, 2012   | 852,656              |
|                             |             | <b>Rainbow National Services, LLC</b>         |                      |
| 496,250                     |             | Term Loan, 7.19%, Maturing March 31, 2012     | 502,556              |
|                             |             | <b>Raycom TV Broadcasting, Inc.</b>           |                      |
| 1,000,000                   |             | Term Loan, 6.56%, Maturing February 24, 2012  | 1,003,750            |
|                             |             | <b>SFX Entertainment</b>                      |                      |
| 450,000                     |             | Term Loan, 6.76%, Maturing June 21, 2013      | 450,703              |
|                             |             | <b>Spanish Broadcasting System, Inc.</b>      |                      |
| 300,000                     |             | Term Loan, 8.02%, Maturing June 10, 2013      | 304,562              |
|                             |             | <b>TDF SA</b>                                 |                      |
| 1,305,762                   | EUR         | Term Loan, 4.42%, Maturing March 11, 2013     | 1,605,721            |
| 305,762                     | EUR         | Term Loan, 5.17%, Maturing March 11, 2014     | 377,404              |
| 388,476                     | EUR         | Term Loan, 5.79%, Maturing March 11, 2015     | 480,719              |
|                             |             | <b>Telewest Global Finance, LLC</b>           |                      |
| 1,000,000                   | GBP         | Term Loan, 6.84%, Maturing December 22, 2012  | 1,776,239            |



|  |  |               |
|--|--|---------------|
|  | <b>Young Broadcasting, Inc.</b>                  |               |
| \$ 248,750                                   | Term Loan, 6.70%, Maturing November 3, 2012      | \$ 249,333    |
|  |  | \$ 12,896,164 |
| <b>Rail Industries 0.1%</b>                  | <b>Railamerica, Inc.</b>                         |               |
| 471,374                                      | Term Loan, 6.69%, Maturing September 29, 2011    | 478,838       |
|  |  | \$ 478,838    |
| <b>Retailers (Except Food and Drug) 2.7%</b> | <b>Alimentation Couche-Tard, Inc.</b>            |               |
| 981,864                                      | Term Loan, 6.31%, Maturing December 17, 2010     | 994,138       |
|  | <b>Coinmach Laundry Corp.</b>                    |               |
| 1,125,000                                    | Term Loan, 3.58%, Maturing December 15, 2012 (2) | 1,142,812     |
|  | <b>Harbor Freight Tools USA, Inc.</b>            |               |
| 915,473                                      | Term Loan, 6.94%, Maturing July 15, 2010         | 926,001       |
|  | <b>Josten s Corp.</b>                            |               |
| 967,533                                      | Term Loan, 6.78%, Maturing October 4, 2010       | 981,642       |
|  | <b>Mapco Express, Inc.</b>                       |               |
| 498,123                                      | Term Loan, 7.26%, Maturing April 28, 2011        | 504,661       |
|  | <b>Mauser Werke GMBH &amp; Co. KG</b>            |               |
| 375,000                                      | Term Loan, 7.14%, Maturing December 3, 2011      | 377,344       |
|  | <b>Movie Gallery, Inc.</b>                       |               |
| 248,750                                      | Term Loan, 8.28%, Maturing April 27, 2011        | 238,089       |
|  | <b>Neiman Marcus Group, Inc.</b>                 |               |
| 237,342                                      | Term Loan, 6.95%, Maturing April 5, 2013         | 240,229       |
|  | <b>Oriental Trading Co., Inc.</b>                |               |
| 472,980                                      | Term Loan, 6.81%, Maturing August 4, 2010        | 476,331       |
|  | <b>Savers, Inc.</b>                              |               |
| 997,468                                      | Term Loan, 7.61%, Maturing August 4, 2009        | 1,008,066     |
|  | <b>School Specialty, Inc.</b>                    |               |
| 600,000                                      | Term Loan, 8.50%, Maturing April 12, 2006        | 600,750       |
|  | <b>Sears Canada, Inc.</b>                        |               |
| 300,000                                      | Term Loan, 0.75%, Maturing December 22, 2012 (2) | 302,625       |
|  | <b>Stewart Enterprises, Inc.</b>                 |               |
| 944,494                                      | Term Loan, 5.99%, Maturing November 19, 2011     | 954,529       |
|  | <b>Travelcenters of America, Inc.</b>            |               |
| 750,000                                      | Term Loan, 6.28%, Maturing November 30, 2008     | 758,719       |
|  | -  | \$ 9,505,936  |
| <b>Steel 0.1%</b>                            | <b>Gibraltar Industries, Inc.</b>                |               |
| 300,000                                      | Term Loan, 6.28%, Maturing December 8, 2010      | 302,250       |
|  |  | \$ 302,250    |
| <b>Surface Transport 0.1%</b>                | <b>Sirva Worldwide, Inc.</b>                     |               |
| 410,885                                      | Term Loan, 8.52%, Maturing December 1, 2010      | 395,477       |
|  |  | \$ 395,477    |

|                                |           |   |                      |
|--------------------------------|-----------|---|----------------------|
| <b>Telecommunications 4.9%</b> |           |   |                      |
|                                |           | <b>AAT Communications Corp.</b>                     |                      |
| \$                             | 1,500,000 | Term Loan, 7.16%, Maturing July 29, 2013            | \$ 1,519,062         |
|                                |           | <b>Alaska Communications Systems Holdings, Inc.</b> |                      |
| 500,000                        |           | Term Loan, 6.53%, Maturing February 11, 2012        | 505,688              |
|                                |           | <b>Cellular South, Inc.</b>                         |                      |
| 997,468                        |           | Term Loan, 6.37%, Maturing May 4, 2011              | 1,009,937            |
|                                |           | <b>Centennial Cellular Operating Co., LLC</b>       |                      |
| 692,695                        |           | Term Loan, 6.62%, Maturing February 9, 2011         | 702,893              |
|                                |           | <b>Cincinnati Bell, Inc.</b>                        |                      |
| 498,750                        |           | Term Loan, 5.90%, Maturing August 31, 2012          | 502,880              |
|                                |           | <b>Consolidated Communications, Inc.</b>            |                      |
| 1,773,431                      |           | Term Loan, 6.24%, Maturing April 14, 2011           | 1,795,599            |
|                                |           | <b>Fairpoint Communications, Inc.</b>               |                      |
| 2,000,000                      |           | Term Loan, 6.31%, Maturing February 8, 2012         | 2,007,000            |
|                                |           | <b>Hawaiian Telcom Communications, Inc.</b>         |                      |
| 500,000                        |           | Term Loan, 6.78%, Maturing October 31, 2012         | 504,844              |
|                                |           | <b>Intelsat, Ltd.</b>                               |                      |
| 991,241                        |           | Term Loan, 6.31%, Maturing July 28, 2011            | 1,002,083            |
|                                |           | <b>Iowa Telecommunications Services</b>             |                      |
| 1,250,000                      |           | Term Loan, 6.30%, Maturing November 23, 2011        | 1,264,844            |
|                                |           | <b>Madison River Capital, LLC</b>                   |                      |
| 1,000,000                      |           | Term Loan, 6.80%, Maturing July 31, 2012            | 1,010,313            |
|                                |           | <b>NTelos, Inc.</b>                                 |                      |
| 495,000                        |           | Term Loan, 7.07%, Maturing February 18, 2011        | 500,197              |
|                                |           | <b>Qwest Corp.</b>                                  |                      |
| 800,000                        |           | Term Loan, 9.22%, Maturing June 4, 2007             | 820,150              |
|                                |           | <b>Satbirds Finance SARL</b>                        |                      |
| 500,000                        | EUR       | Term Loan, 5.09%, Maturing April 4, 2013            | 609,553              |
| 500,000                        | EUR       | Term Loan, 5.09%, Maturing April 4, 2013            | 609,496              |
|                                |           | <b>Stratos Global Corp.</b>                         |                      |
| 495,000                        |           | Term Loan, 6.81%, Maturing December 3, 2010         | 495,000              |
|                                |           | <b>Syniverse Holdings, Inc.</b>                     |                      |
| 371,511                        |           | Term Loan, 6.28%, Maturing February 15, 2012        | 375,226              |
|                                |           | <b>Triton PCS, Inc.</b>                             |                      |
| 744,361                        |           | Term Loan, 7.82%, Maturing November 18, 2009        | 748,455              |
|                                |           | <b>Valor Telecom Enterprise, LLC</b>                |                      |
| 1,208,333                      |           | Term Loan, 6.04%, Maturing February 14, 2012        | 1,213,903            |
|                                |           |   | <b>\$ 17,197,123</b> |
| <b>Utilities 1.9%</b>          |           |   |                      |
|                                |           | <b>Allegheny Energy Supply Co., LLC</b>             |                      |
| 880,311                        |           | Term Loan, 5.63%, Maturing July 21, 2011            | 889,114              |
|                                |           | <b>Cogentrix Delaware Holdings, Inc.</b>            |                      |
| 1,055,243                      |           | Term Loan, 6.28%, Maturing April 14, 2012           | 1,068,214            |
|                                |           | <b>Covanta Energy Corp.</b>                         |                      |
| \$ 248,780                     |           | Term Loan, 4.53%, Maturing June 24, 2012            | \$ 252,823           |

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|  |  |                       |
|--|--|-----------------------|
| 167,790                                      | Term Loan, 7.52%, Maturing June 24, 2012     | 170,516               |
| 250,000                                      | Term Loan, 10.03%, Maturing June 24, 2013    | 254,844               |
|  | <b>Energy Transfer Company, L.P.</b>         |                       |
| 511,138                                      | Term Loan, 7.44%, Maturing June 16, 2012     | 512,895               |
|  | <b>KGen, LLC</b>                             |                       |
| 188,575                                      | Term Loan, 7.15%, Maturing August 5, 2011    | 188,575               |
|  | <b>NRG Energy, Inc.</b>                      |                       |
| 546,875                                      | Term Loan, 4.43%, Maturing December 24, 2011 | 548,869               |
|  | <b>Pike Electric, Inc.</b>                   |                       |
| 507,353                                      | Term Loan, 6.25%, Maturing July 1, 2012      | 513,695               |
|  | <b>Plains Resources, Inc.</b>                |                       |
| 496,256                                      | Term Loan, 6.40%, Maturing August 12, 2011   | 502,770               |
|  | <b>Reliant Energy, Inc.</b>                  |                       |
| 456,184                                      | Term Loan, 6.09%, Maturing December 22, 2010 | 455,863               |
|  | <b>Texas Genco, LLC</b>                      |                       |
| 1,050,923                                    | Term Loan, 6.47%, Maturing December 14, 2011 | 1,052,894             |
| 435,173                                      | Term Loan, 6.47%, Maturing December 14, 2011 | 435,989               |
|  |  | \$ 6,847,061          |
| <b>Total Senior, Floating Rate Interests</b> |  |                       |
| <b>(identified cost \$281,240,255)</b>       |  | <b>\$ 280,261,382</b> |

**Mortgage Pass-Throughs 54.2%**

| Principal Amount<br>(000 s omitted) | Security   | Value         |
|-------------------------------------|--|---------------|
|                                     | <b>Federal Home Loan Mortgage Corp.:</b>         |               |
| \$ 13,054                           | 7.00%, with maturity at 2013 (3)                 | \$ 13,482,631 |
| 24,008                              | 8.00%, with various maturities to 2031 (3)       | 25,814,649    |
| 12,798                              | 8.50%, with various maturities to 2031 (3)       | 13,984,212    |
| 1,348                               | 9.00%, with maturity at 2031                     | 1,486,273     |
| 1,437                               | 9.50%, with various maturities to 2022           | 1,599,936     |
| 3,255                               | 11.50%, with maturity at 2019 (3)                | 3,688,067     |
|                                     |  | \$ 60,055,768 |
|                                     | <b>Federal National Mortgage Association:</b>    |               |
| 16,262                              | 6.50%, with maturity at 2018 (3)                 | 16,666,805    |
| 3,423                               | 7.00%, with maturity at 2014                     | 3,518,665     |
| 7,573                               | 7.50%, with various maturities to 2028 (3)       | 8,028,130     |
| 4,036                               | 8.00%, with various maturities to 2023           | 4,332,139     |
| 2,189                               | 8.50%, with maturity at 2027                     | 2,385,098     |
| 1,822                               | 9.00%, with various maturities to 2028           | 2,012,392     |
| 11,912                              | 9.50%, with various maturities to 2031 (3)       | 13,321,538    |
| 4,855                               | 10.00%, with various maturities to 2031 (3)      | 5,480,146     |
|                                     |  | \$ 55,744,913 |
|                                     | <b>Government National Mortgage Association:</b> |               |
| \$ 9,582                            | 7.50%, with maturity at 2022 (3)                 | \$ 10,269,199 |
| 12,618                              | 8.00%, with various maturities to 2027           | 13,647,304    |



|   |   |                       |
|---|---|-----------------------|
| 6,399   | 9.00%, with maturity at 2026 (3)  | 7,117,386             |
| 1,869   | 11.00%, with maturity at 2018   | 2,123,247             |
|   |   | <b>\$ 33,157,136</b>  |
|   | <b>Collateralized Mortgage Obligations:</b>   |                       |
| 4,773   | Federal Home Loan Mortgage Corp.,<br>Series 2137, Class Z, 6.00%, 3/15/29 (3)         | 4,883,231             |
| 5,764   | Federal Home Loan Mortgage Corp.,<br>Series 2167, Class BZ, 7.00%, 6/15/29 (3)        | 5,996,606             |
| 1,364   | Federal Home Loan Mortgage Corp.,<br>Series 2214, Class NC, 11.052%, 8/15/21          | 1,516,371             |
| 8,035   | Federal Home Loan Mortgage Corp.,<br>Series 2182, Class ZB, 8.00%, 9/15/29 (3)        | 8,586,531             |
| 457   | Federal National Mortgage Association,<br>Series 1989-89, Class H, 9.00%, 11/25/19    | 495,696               |
| 1,085   | Federal National Mortgage Association,<br>Series 1991-122, Class N, 7.50%, 9/25/21    | 1,139,971             |
| 8,179   | Federal National Mortgage Association,<br>Series 1993-84, Class M, 7.50%, 6/25/23 (3) | 8,595,984             |
| 2,693   | Federal National Mortgage Association,<br>Series 1997-28, Class ZA, 7.50%, 4/20/27    | 2,864,841             |
| 2,492   | Federal National Mortgage Association,<br>Series 1997-38, Class N, 8.00%, 5/20/27     | 2,661,174             |
| 4,476   | Federal National Mortgage Association,<br>Series G-33, Class PT, 7.00%, 10/25/21 (3)  | 4,629,115             |
|   |   | <b>\$ 41,369,520</b>  |
| <b>Total Mortgage Pass-Throughs</b><br><b>(identified cost \$191,908,929)</b> |   | <b>\$ 190,327,337</b> |

**Corporate Bonds & Notes 2.3%**

**Principal**

**Amount**

(000 s omitted)

**Security**

**Value**

**Financial Intermediaries 0.2%**

**Centurion CDO 9 Ltd., Series 2005-9A**

\$ 500 9.35%, 7/17/19 \$ 497,150

**\$ 497,150**

**Index Linked Notes 2.0%**

**CSFB Egyptian Credit Linked Note**

28,890 EGP 0.00%, 2/28/06 5,010,406

**JP Morgan Chilean Inflation Linked Note**

2,000 7.433%, 11/17/15 2,117,600

**\$ 7,128,006**

**Radio and Television 0.1%**

**Emmis Communications Corp., Sr. Notes,  
Class A, Variable Rate**

343 10.366%, 6/15/12 345,000

**\$ 345,000**

**Telecommunications 0.0%**

**Qwest Corp., Sr. Notes, Variable Rate**

200 7.741%, 6/15/13 (4) 216,750

**\$ 216,750**

**Total Corporate Bonds & Notes  
(identified cost \$8,056,212)**

**\$ 8,186,906**

**Sovereign Issues 1.9%**

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| Principal Amount<br>(000 s omitted)                            |     | Security  | Value        |
|--|-----|---|--------------|
| \$ 4,204   | BRL | <b>Federal Republic of Brazil</b><br>12.50%, 1/5/16         | 1,945,637    |
| 35,000,000   | IDR | <b>Indonesia Recapitalization Bond</b><br>12.25%, 7/15/07   | 3,701,747    |
| 1,000  |     | <b>Socialist Republic of Vietnam</b><br>6.875%, 1/15/16 (4) | 1,032,500    |
| <b>Total Sovereign Issues</b><br>(identified cost \$6,211,674) |     |   | \$ 6,679,884 |

**Commercial Paper 1.4%**

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| Principal Amount  | Maturity Date | Borrower           | Rate | Amount              |
|---|---------------|--------------------|------|---------------------|
| \$ 4,779,000  | 02/01/06      | HSBC Finance Corp. | 4.50 | % \$ 4,779,000      |
| <b>Total Commercial Paper<br/>(at amortized cost \$4,779,000)</b> |               |                    |      | <b>\$ 4,779,000</b> |

19

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**Short-Term Investments 1.1%**

| Principal Amount  | Maturity Date | Borrower                                      | Rate | Amount                  |
|---|---------------|---|------|-------------------------|
| \$ 3,940,000  | 02/01/06      | Investors Bank and Trust Company Time Deposit | 4.51 | % \$ 3,940,000          |
| <b>Total Short-Term Investments (at amortized cost \$3,940,000)</b> |               |   |      | <b>\$ 3,940,000</b>     |
| <b>Gross Investments 140.6% (identified cost \$496,136,070)</b>     |               |   |      | <b>\$ 494,174,509</b>   |
| <b>Less Unfunded Loan Commitments (0.4)%</b>                        |               |   |      | <b>\$ (1,449,390)</b>   |
| <b>Net Investments 140.2% (identified cost \$494,686,680)</b>       |               |   |      | <b>\$ 492,725,119</b>   |
| <b>Other Assets, Less Liabilities (40.2)%</b>                       |               |   |      | <b>\$ (141,257,297)</b> |
| <b>Net Assets 100.0%</b>  |               |   |      | <b>\$ 351,467,822</b>   |

|     |                   |
|-----|-------------------|
| BRL | Brazilian Real    |
| EGP | Egyptian Pound    |
| EUR | Euro              |
| GBP | British Pound     |
| IDR | Indonesian Rupiah |

- (1) Senior floating-rate interests often require prepayments from excess cash flows or permit the borrower to repay at its 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 three 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.
- (2) 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 loan commitments at the borrower's discretion.
- (3) All or a portion of these securities were on loan at January 31, 2006.
- (4) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At January 31, 2006, the aggregate value of the securities is \$1,249,250 or 0.4% of the Fund's net assets.

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A summary of financial instruments at January 31, 2006 is as follows:

**Futures Contracts**

| Expiration Date | Contracts            | Position | Aggregate Cost  | Value           | Net Unrealized Depreciation |
|-----------------|----------------------|----------|-----------------|-----------------|-----------------------------|
| 03/06           | 8 Japan 10 Year Bond | Short    | \$ (9,352,069 ) | \$ (9,356,853 ) | \$ (4,784 )                 |

Description of the underlying instrument to Futures Contract: Japanese Government Bonds (JGB) having a maturity of 7 years or more but less than 11 years.

**Forward Foreign Currency Exchange Contracts**

**Sales**

| Settlement Date(s) | Deliver                             | In Exchange For                    | Net Unrealized Appreciation (Depreciation) |
|--------------------|-------------------------------------|------------------------------------|--|
| 2/23/06            | British Pound Sterling<br>3,765,538 | United States Dollar<br>6,632,261  | \$ (60,672 )                               |
| 2/07/06            | Canadian Dollar<br>4,097,000        | United States Dollar<br>3,560,968  | (23,130 )                                  |
| 2/17/06            | Chilean Peso<br>1,093,000,000       | United States Dollar<br>2,087,232  | 11,984                                     |
| 2/02/06            | Euro<br>2,913,000                   | United States Dollar<br>3,534,926  | (2,330 )                                   |
| 2/23/06            | Euro<br>41,772,930                  | United States Dollar<br>50,657,614 | (131,477 )                                 |
| 2/10/06            | Japanese Yen<br>1,580,600,000       | United States Dollar<br>13,697,894 | 182,446                                    |
| 2/13/06            | Peruvian New Sol<br>11,958,000      | United States Dollar<br>3,469,003  | (135,965 )                                 |
|                    |                                     |                                    | \$ (159,144 )                              |

**Purchases**

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| Settlement Date(s) | Acquire                         | In Exchange For                   | Net Unrealized Appreciation (Depreciation) |
|--------------------|---------------------------------|-----------------------------------|--|
| 2/07/06            | Canadian Dollar<br>4,097,000    | United States Dollar<br>3,564,918 | \$ 19,180                                  |
| 2/02/06            | Euro<br>2,913,000               | United States Dollar<br>3,523,996 | 13,260                                     |
| 2/03/06            | Euro<br>5,372,142               | Slovakia Koruna<br>200,000,000    | 22,072                                     |
| 2/08/06            | Euro<br>2,900,000               | United States Dollar<br>3,567,145 | (44,401 )                                  |
| 2/16/06            | Euro<br>2,913,000               | United States Dollar<br>3,537,926 | 2,316                                      |
| 2/17/06            | Icelandic Kroner<br>150,144,000 | Euro<br>2,000,451                 | (32,564 )                                  |

21

|          |  |                                    |                  |
|----------|--|------------------------------------|------------------|
| 2/27/06  | Icelandic Kroner<br>545,174,800        | Euro<br>7,227,895                  | (93,652 )        |
| 2/06/06  | Indonesian Rupiah<br>98,000,000,000    | United States Dollar<br>10,312,533 | 117,913          |
| 2/13/06  | Indonesian Rupiah<br>37,000,000,000    | United States Dollar<br>3,950,881  | (19,498 )        |
| 2/02/06  | Philippine Peso<br>185,000,000         | United States Dollar<br>3,497,760  | 49,700           |
| 2/06/06  | Republic of Korea Won<br>6,900,000,000 | United States Dollar<br>6,998,894  | 154,542          |
| 10/27/06 | Romanian Leu<br>28,500,000             | Euro<br>7,730,849                  | (85,088 )        |
| 2/10/06  | Singapore Dollar<br>10,300,000         | United States Dollar<br>6,354,102  | (5,461 )         |
| 2/14/06  | Slovakia Koruna<br>111,000,000         | Euro<br>2,846,592                  | 151,176          |
| 2/17/06  | Slovakia Koruna<br>737,548,840         | Euro<br>19,663,250                 | 93,557           |
| 2/09/06  | Turkish Lira<br>13,996,000             | United States Dollar<br>10,420,669 | 137,296          |
| 2/21/06  | Turkish Lira<br>10,097,900             | United States Dollar<br>7,497,142  | 97,630           |
|          |  |                                    | <b>\$577,978</b> |

At January 31, 2006, the Fund had sufficient cash and/or securities to cover potential obligations arising from open futures and forward contracts, as well as margin requirements on open futures contracts.

**Credit Default Swaps**

The Fund has entered into credit default swaps whereby the Fund is buying exposure to an increase in credit spreads for the underlying instrument. The maximum payouts are limited to the notional amount of each swap.

| Notional Amount | Expiration Date | Description  | Net Unrealized Depreciation |
|-----------------|-----------------|--|-----------------------------|
| 10,000,000 USD  | 3/20/2010       | Agreement with Credit Suisse First Boston dated 3/05/2005 whereby the Fund will pay 2.01% per year times the notional amount. In exchange for that periodic payment, upon a default event involving Turkish sovereign issues, Credit Suisse First Boston agrees to pay the Fund the notional amount of the swap. To receive that payment, the Fund must deliver a bond (with par value equal to the notional amount of the swap) issued by Turkey to Credit Suisse First Boston. | \$ (237,212 )               |
| 10,000,000 USD  | 3/20/2010       | Agreement with JP Morgan Chase Bank dated 3/05/2005 whereby the Fund will pay 2.00% per year times the notional amount. In exchange for that periodic payment, upon a default event involving Turkish sovereign issues, JP Morgan Chase Bank agrees to pay the Fund the notional amount of the swap. To receive that payment, the Fund must deliver a bond (with par value equal to the notional amount of the swap) issued by Turkey to JP Morgan Chase Bank.                   | \$ (233,554 )               |

The cost and unrealized appreciation (depreciation) in value of the investments owned by the Fund at January 31, 2006, as computed on a federal income tax basis, were as follows:

|                                    |                        |
|------------------------------------|------------------------|
| <b>Aggregate cost</b>              | <b>\$ 495,453,238</b>  |
| Gross unrealized appreciation      | \$ 1,797,550           |
| Gross unrealized depreciation      | (4,525,669 )           |
| <b>Net unrealized depreciation</b> | <b>\$ (2,728,119 )</b> |

The unrealized depreciation on foreign currency, swaps, futures and forward contracts at January 31, 2006 on a federal income tax basis was \$55,448.

**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.

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# Edgar Filing: Eaton Vance Short Duration Diversified Income Fund - Form N-Q

## 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/ Thomas E. Faust Jr.  
Thomas E. Faust Jr.  
President and Principal Executive Officer  
Date: March 17, 2006

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/ Thomas E. Faust Jr.  
Thomas E. Faust Jr.  
President and Principal Executive Officer  
Date: March 17, 2006  
By: /s/ Barbara E. Campbell  
Barbara E. Campbell  
Treasurer and Principal Financial Officer  
Date: March 17, 2006

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