EATON VANCE LTD DURATION INCOME FUND
Form N-CSR
May 25, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act File Number: 811-21323

Eaton Vance Limited Duration Income Fund

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant s Telephone Number)

March 31

Date of Fiscal Year End

March 31, 2018

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Limited Duration Income Fund (EVV)

Annual Report

March 31, 2018

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

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

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Management s Discussion of Fund Performance[1]

Economic and Market Conditions

Credit markets generated positive returns in the mostly favorable economic and earnings environment for the 12 months ended March 31, 2018. Demand for global fixed-income assets was a tailwind, as well as accommodative or easy monetary policies from most central banks to foster economic growth, rising corporate earnings and the most synchronized global expansion since the financial crisis. The supportive backdrop provided by central bank liquidity also helped suppress volatility for most of the 12-month period, although volatility returned in the first quarter of 2018.

Although liquidity remained abundant, there were continued signs of a gradual pullback in crisis-era stimulus. In October 2017, the Federal Reserve (the Fed) began reducing its balance sheet by capping reinvestments on its mortgage and Treasury holdings. This was a well-telegraphed move that did not surprise markets, but it was in addition to the two rate hikes the Fed had already delivered in the first half of the year and was followed by a third, 25-basis-point hike in December 2017. While most other central banks remained in net easing mode, markets increasingly began considering the probability of other central banks reducing stimulus as well given the strong momentum in economic growth. In fiscal policy, U.S. lawmakers succeeded in passing a tax bill in late December stimulus that came on the heels of above-trend GDP growth.

Against this backdrop, the ICE BofAML 1-3 Year U.S. Treasury Index and the Bloomberg Barclays U.S. Aggregate Bond Index[2] returned 0.03% and 1.20%, respectively, during the 12-month period ended March 31, 2018. The ICE BofAML U.S. High Yield Index returned 3.69%% for the period, while the S&P/LSTA Leveraged Loan Index, a loan market barometer, returned 4.43%.

Fund Performance

For the 12-month period ended March 31, 2018, Eaton Vance Limited Duration Income Fund (the Fund) had total returns of 4.72% at net asset value (NAV) and 0.99% at market price.

The Fund s floating-rate loan investments outperformed the loan market, as measured by the S&P/LSTA Leveraged Loan Index. The Fund s bank loan performance was enhanced by credit selection as well as several industry weightings. A market overweight in cable and satellite television and a market underweight in oil and gas both contributed

to the outperformance, while a market overweight to drug companies, which underperformed, slightly detracted from Fund performance during the period. Individual credit selection contributed to the majority of the outperformance, with several overweight positions providing solid returns.

The Fund s high-yield bond investments posted gains over the course of the one-year period, outperforming the broader high-yield market, as measured by the ICE BofAML U.S. High Yield Index. The Fund s outperformance in high yield was mainly driven by credit selection and to a lesser extent, an overweight in the higher quality, better performing single B category. Exposure to CCC-rated[9] names also aided performance as spreads in these issues compressed over the period. Though offset by positive credit selection, positioning across the various duration[8] segments proved to be challenging relative to the Index over the period. Credit selection in the 2-5 year segment was a significant contributor to performance, while the Fund s underweight to issues with shorter durations (less than 2 years) and an elevated cash position detracted from performance. From a sector perspective, credit selection in the services and retail sectors aided performance for the period. Credit selection, combined with a small underweight in the diversified financial services sector, detracted from performance during the period, while credit selection in the banks and thrifts sector also hurt performance. The Fund s focus on higher quality, less volatile issues in the energy sector also weighed negatively on performance as lower quality, higher beta names in this sector generally outperformed over the period.

The Fund s investments in agency mortgage-backed securities (MBS) outperformed the U.S. Treasury market, as measured by the ICE BofAML 1-10 Year U.S. Treasury Index (Treasury Index). Management held the view that the Treasury yield curve would continue to flatten throughout the year and increased its allocation to floating rate agency MBS, which would benefit from rising short end yields. The agency MBS the Fund invested in also have a shorter duration than the Treasury Index, which aided Fund performance as U.S. Treasury yields in the intermediate part of the curve rose as Fed rate hike projections increased. The Fund also benefitted from its investment in negative duration interest only agency MBS, which saw substantial spread tightening as U.S. Treasury yields rose and prepayment declined, providing additional yield on the securities.

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and include management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than or equal to one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

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Performance[3]

Portfolio Managers Scott H. Page, CFA, Payson F. Swaffield, CFA, Michael W. Weilheimer, CFA, Catherine McDermott, Andrew Szczurowski, CFA, and Eric A. Stein, CFA

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	05/30/2003	4.72%	5.57%	8.07%
Fund at Market Price		0.99	2.68	8.09

% Premium/Discount to NAV[4]	
	11.73%

Distributions[5]	
Total Distributions per share for the period	$ 0.967
Distribution Rate at NAV	6.56%
Distribution Rate at Market Price	7.43%

% Total Leverage[6]	
Auction Preferred Shares (APS)	9.68%
Borrowings	28.12

Fund Profile

Asset Allocation (% of total investments)[7]

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Endnotes and Additional Disclosures

[1] The views expressed in this report are those of the portfolio manager(s) and are current only through the date stated at the top of this page. These views are subject to change at any time based upon market or other conditions, and Eaton Vance and the Fund(s) disclaim any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. This commentary may contain statements that are not historical facts, referred to as forward looking statements . The Fund s actual future results may differ significantly from those stated in any forward looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of Fund shares, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in the Fund s filings with the Securities and Exchange Commission.

[2] ICE BofAML 1-3 Year U.S. Treasury Index is an unmanaged index of short-term U.S. Treasury securities. ICE BofAML U.S. High Yield Index is an unmanaged index of below-investment grade U.S. corporate bonds. ICE BofAML 1-10 Year U.S. Treasury Index is an unmanaged index of Treasury securities with maturities ranging from 1 to 10 years. ICE Data Indices, LLC indices not for redistribution or other uses; provided **as is , without warranties, and with no liability.** Eaton Vance has prepared this report, ICE Data Indices, LLC does not endorse it, or guarantee, review, or endorse Eaton Vance s products. Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities. S&P/LSTA Leveraged Loan Index is an unmanaged index of the institutional leveraged loan market. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index.

[3] Performance results reflect the effects of leverage. The Fund s performance for certain periods reflects the effects of expense reductions. Absent these reductions, performance would have been lower.

[4] The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to http://eatonvance.com/closedend.

[5] The Distribution Rate is based on the Fund s last regular distribution per share in the period (annualized) divided by the Fund s NAV or market price at the end of the period. The Fund s distributions may be comprised of amounts characterized for federal income tax purposes as qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. For additional information about nondividend distributions, please refer to Eaton Vance Closed-End Fund Distribution Notices (19a) posted on our website, eatonvance.com. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund s webpage available at eatonvance.com. The Fund s distributions are determined by the investment adviser based on its current assessment of the Fund s long-term return potential. Fund distributions may be affected by numerous factors including changes in Fund performance, the cost of financing for leverage, portfolio holdings, realized and projected returns, and other factors. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.

[6] Leverage represents the liquidation value of the Fund s APS and borrowings outstanding as a percentage of Fund net assets applicable to common shares plus APS and borrowings outstanding. Use of leverage creates an opportunity for income, but creates risks including greater price volatility. The cost of leverage rises and falls with changes in short-term interest rates. The Fund may be required to maintain prescribed asset coverage for its leverage and may be required to reduce its leverage at an inopportune time.

[7] Asset allocation as a percentage of the Fund s net assets amounted to 159.7%.

[8] Duration is a measure of the expected change in price of a bond in percentage terms given a one percent change in interest rates, all else being constant. Securities with lower durations tend to be less sensitive to interest rate changes.

[9] Credit ratings are categorized using S&P. If S&P does not publish a rating, then the Moody s rating is applied. Ratings, which are subject to change, apply to the creditworthiness of the issuers of the underlying securities and not to the Fund or its shares. Credit ratings measure the quality of a bond based on the issuer s creditworthiness, with ratings ranging from AAA, being the highest, to D, being the lowest based on S&P s measures. Ratings of BBB or higher by S&P or Baa or higher by Moody s are considered to be investment-grade quality. Credit ratings are based largely on the ratings agency s analysis at the time of rating. The rating assigned to any particular security is not necessarily a reflection of the issuer s current financial condition and does not necessarily reflect its assessment of the volatility of a security s market value or of the liquidity of an investment in the security.

Fund profile subject to change due to active management.

Important Notice to Shareholders

Effective October 23, 2017, the BofA Merrill Lynch indices have been rebranded as Intercontinental Exchange s (ICE) BofAML indices.

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Portfolio of Investments

Senior Floating-Rate Loans 54.2%[1]

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Aerospace and Defense 0.5%		
Accudyne Industries, LLC		
Term Loan, 5.13%, (1 mo. USD LIBOR + 3.25%), Maturing August 18, 2024	771	$ 776,005
IAP Worldwide Services, Inc.		
Revolving Loan, 1.46%, (3 mo. USD LIBOR + 5.50%), Maturing July 18, 2018[2]	172	172,470
Term Loan - Second Lien, 8.80%, (3 mo. USD LIBOR + 6.50%), Maturing July 18, 2019[3]	229	186,763
TransDigm, Inc.		
Term Loan, 4.77%, (USD LIBOR + 2.75%), Maturing June 9, 2023[4]	5,642	5,670,419
Term Loan, 4.71%, (USD LIBOR + 2.50%), Maturing August 22, 2024[4]	1,402	1,408,493
Wesco Aircraft Hardware Corp.		
Term Loan, 4.88%, (1 mo. USD LIBOR + 3.00%), Maturing October 4, 2021	1,064	1,062,420
		$ 9,276,570
Automotive 1.5%		
Allison Transmission, Inc.		
Term Loan, 3.60%, (1 mo. USD LIBOR + 1.75%), Maturing September 23, 2022	1,774	$ 1,786,317
American Axle and Manufacturing, Inc.		
Term Loan, 4.13%, (1 mo. USD LIBOR + 2.25%), Maturing April 6, 2024	3,521	3,540,080
Apro, LLC		
Term Loan, 5.69%, (1 mo. USD LIBOR + 4.00%), Maturing August 8, 2024	293	294,831
Belron Finance US, LLC		
Term Loan, 4.29%, (3 mo. USD LIBOR + 2.50%), Maturing November 7, 2024	599	602,989
Chassix, Inc.		
Term Loan, 7.28%, (USD LIBOR + 5.50%), Maturing November 15, 2023[4]	1,496	1,513,083
CS Intermediate Holdco 2, LLC		
Term Loan, 4.30%, (3 mo. USD LIBOR + 2.00%), Maturing November 2, 2023	1,707	1,718,436
Dayco Products, LLC		
Term Loan, 6.98%, (3 mo. USD LIBOR + 5.00%), Maturing May 19, 2023	1,191	1,205,143
FCA US, LLC		
Term Loan, 3.86%, (1 mo. USD LIBOR + 2.00%), Maturing December 31, 2018	1,597	1,603,399
Federal-Mogul Holdings Corporation		
Term Loan, 5.55%, (1 mo. USD LIBOR + 3.75%), Maturing April 15, 2021	4,784	4,819,226

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Automotive (continued)		
Goodyear Tire & Rubber Company (The)		

Term Loan - Second Lien, 3.71%, (3 mo. USD LIBOR + 2.00%), Maturing March 7, 2025		2,258	$ 2,268,213
Horizon Global Corporation			
Term Loan, 6.38%, (1 mo. USD LIBOR + 4.50%), Maturing June 30, 2021		419	421,439
Sage Automotive Interiors, Inc.			
Term Loan, 6.88%, (1 mo. USD LIBOR + 5.00%), Maturing October 27, 2022		864	873,783
TI Group Automotive Systems, LLC			
Term Loan, 3.50%, (3 mo. EURIBOR + 2.75%, Floor 0.75%), Maturing June 30, 2022	EUR	926	1,146,293
Term Loan, 4.38%, (1 mo. USD LIBOR + 2.50%), Maturing June 30, 2022		1,137	1,144,383
Tower Automotive Holdings USA, LLC			
Term Loan, 4.50%, (1 mo. USD LIBOR + 2.75%), Maturing March 7, 2024		3,164	3,171,963
			$ 26,109,578
Beverage and Tobacco 0.2%			
Arterra Wines Canada, Inc.			
Term Loan, 4.95%, (3 mo. USD LIBOR + 2.75%), Maturing December 15, 2023		2,568	$ 2,581,139
Flavors Holdings, Inc.			
Term Loan, 8.05%, (3 mo. USD LIBOR + 5.75%), Maturing April 3, 2020		866	788,287
Term Loan - Second Lien, 12.30%, (3 mo. USD LIBOR + 10.00%), Maturing October 3, 2021		1,000	775,000
			$ 4,144,426
Brokerage / Securities Dealers / Investment Houses 0.2%			
Aretec Group, Inc.			
Term Loan, 6.13%, (1 mo. USD LIBOR + 4.25%), Maturing November 23, 2020		958	$ 963,282
Term Loan - Second Lien, 7.15%, (1 mo. USD LIBOR + 5.50% (2.00% Cash, 5.15% PIK)), Maturing May 23, 2021		1,819	1,825,891
Salient Partners L.P.			
Term Loan, 10.32%, (1 mo. USD LIBOR + 8.50%), Maturing May 19, 2021		812	800,066
			$ 3,589,239
Building and Development 1.4%			
American Builders & Contractors Supply Co., Inc.			
Term Loan, 4.38%, (1 mo. USD LIBOR + 2.50%), Maturing October 31, 2023		3,020	$ 3,030,403

See Notes to Financial Statements.

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Portfolio of Investments continued

Borrower/Tranche Description	Principal Amount* (000 s omitted)	Value
Building and Development (continued)		
Beacon Roofing Supply, Inc.		
Term Loan, 3.94%, (1 mo. USD LIBOR + 2.25%), Maturing January 2, 2025	650	$ 653,972
Core & Main L.P.		
Term Loan, 5.12%, (USD LIBOR + 3.00%), Maturing August 1, 2024[4]	848	