

EATON VANCE LTD DURATION INCOME FUND
Form N-CSRS
December 29, 2010

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, MA 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, MA 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number)

April 30

Date of Fiscal Year End

October 31, 2010

Date of Reporting Period

Item 1. Reports to Stockholders

IMPORTANT NOTICES

Privacy. The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy (Privacy Policy) with respect to nonpublic personal information about its customers:

Only such information received from you, through application forms or otherwise, and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.

None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer's account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker/dealers.

Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.

We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Privacy Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Boston Management and Research, and Eaton Vance Distributors, Inc. Our Privacy Policy applies only to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer's account (i.e., fund shares) is held in the name of a third-party financial adviser/broker-dealer, it is likely that only such adviser's privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures. For more information about Eaton Vance's Privacy Policy, please call 1-800-262-1122.

Delivery of Shareholder Documents. The Securities and Exchange Commission (the SEC) permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called householding and it helps eliminate duplicate mailings to shareholders.

Eaton Vance, or your financial adviser, may household the mailing of your documents indefinitely unless you instruct Eaton Vance, or your financial adviser, otherwise. If you would prefer that your Eaton Vance documents not be househanded, please contact Eaton Vance at 1-800-262-1122, or contact your financial adviser. Your instructions that householding not apply to delivery of your Eaton Vance documents will be effective within 30 days of receipt by Eaton Vance or your financial adviser.

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

Proxy Voting. From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds' and Portfolios' Boards. You may obtain a description of these policies and procedures and information on how the Funds or Portfolios voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, without charge, upon request, by calling 1-800-262-1122. This description is also available on the SEC's website at www.sec.gov.

Additional Notice to Shareholders. The Fund may redeem or purchase its outstanding auction preferred shares (APS) in order to maintain compliance with regulatory requirements, borrowing or rating agency requirements or for other purposes as it deems appropriate or necessary. The Fund also may purchase shares of its common stock in the open market when they trade at a discount to net asset value or at other times if the Fund determines such purchases are advisable. There can be no assurance that the Fund will take such action or that such purchases would reduce the discount.

Eaton Vance Limited Duration Income Fund as of October 31, 2010

INVESTMENT UPDATE

Payson F. Swaffield, CFA
Co-Portfolio Manager

Mark S. Venezia, CFA
Co-Portfolio Manager

Christine M. Johnston, CFA
Co-Portfolio Manager

Economic and Market Conditions

During the six months ending October 31, 2010, the rally in U.S. Treasuries rewarded longer duration, as the 10- and 30-year maturity bonds produced 10.6% and 10.8% returns, respectively. Reflecting modest spread widening during the period, the BofA Merrill Lynch U.S. High Yield Index returned 6.8% over the period while the shorter-duration S&P/ LSTA Leveraged Loan Index returned approximately 2.1%. U.S. government agency mortgage-backed securities (MBS) also generated positive returns, with the BofA Merrill Lynch Mortgage Master Index returning 4.0%.¹

The bank loan market generated positive returns and remained generally healthy, if not as robust as earlier in 2010, during the six-month period. Despite a negative return in the May-June period that was driven primarily by concerns over the European debt crisis, the loan market regained strength for the remainder of the period. The market's recovery was driven by stronger demand and greater liquidity in the marketplace, along with improved corporate fundamentals. As a result, investors in search of yield began to take on incremental credit risk once again, evidenced by improved inflows into high-yield bond and bank loan mutual funds.

The high-yield bond market had solid six-month returns, benefiting from the same economic and market factors that helped the bank loan market. High-yield fundamentals, which have been improving for the past several quarters, continued a positive trend into the latter months of the period. Corporate operating earnings growth were strong in the second and third quarters of 2010, and ratings downgrades

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

and new defaults have diminished to more modest levels, providing additional evidence of fundamental improvements. Our expectation is for continued moderate declines in default rates as older defaults fall off of the rolling 12-month figures and are replaced by fewer new defaults.

Over the six-month period, the pace of acceleration in economic activity moderated worldwide, shifting investor focus to the weakening in the U.S. economy and anticipation of another round of quantitative easing by the Federal Reserve.

Management Discussion

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The Fund is a closed-end fund and trades on the NYSE Amex exchange under the symbol EVV. The Fund's primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. The Fund pursues its objective by investing primarily in two distinct investment categories: 1) U.S. government agency MBS and other

Total Return Performance 4/30/10 10/31/10

NYSE Amex Symbol		EVV
At Net Asset Value (NAV) ²		6.09%
At Market Price ²		4.90%
Premium/(Discount) to NAV (10/31/10)		-1.30%
Total Distributions per common share		\$ 0.695
Distribution Rate ³	<i>At NAV</i>	8.22%
	<i>At Market Price</i>	8.33%

See page 3 for more performance information.

¹ It is not possible to invest directly in an Index. The Indices total returns do not reflect the commissions or expenses that would have been incurred if an investor individually purchased or sold the securities represented in the Indices. The S & P / L S T A Leveraged Loan Index's total return reflects changes in value of the loans constituting the Index and accrual of interest. The S & P / L S T A Leveraged Loan Index is an unmanaged index of the institutional leveraged loan market. The BofA Merrill Lynch U.S. High Yield Index is

an unmanaged index of below-investment grade U.S. corporate bonds. The BofA Merrill Lynch Mortgage Master Index is an unmanaged index of U.S. mortgage-backed securities traded on the secondary market. Unlike the Fund, the Indices returns do not reflect the effects of leverage.

² Six-month returns are cumulative. Performance results reflect the effects of leverage resulting from the Fund's issuance of Auction Preferred Shares (APS) and its debt financing.

³ The Distribution Rate is based on the Fund's last regular distribution per share in the period (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's distributions may be comprised of ordinary income, net realized capital gains and return of capital.

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.

Eaton Vance Limited Duration Income Fund as of October 31, 2010

INVESTMENT UPDATE

Michael W. Weilheimer, CFA
Co-Portfolio Manager

Scott H. Page, CFA

Co-Portfolio Manager U.S. government securities; and 2) investments rated below investment-grade, which include (but are not limited to) senior, secured loans and high-yield bonds. As of October 31, 2010, the Fund was invested 26.6% in seasoned U.S. government agency MBS (seasoned MBS) and other U.S. government agency debt and 59.3% in below-investment-grade securities; of the latter, 27.8% was invested in senior, secured loans and 31.6% was invested in high-yield corporate bonds. The Fund's other investments included 6.7% in commercial MBS (CMBS) and 3.5% in investment-grade corporate bonds. During the six-month period, the Fund had total returns of 6.09% at net asset value and 4.90% at market price.

The Fund's high-yield bond investments performed well, in line with the market, for the six months ending October 31, 2010. During the first three months of the period, the Fund's high-yield securities benefited from a shorter average duration and from an underweighting in low-quality CCC-rated holdings. In the latter three months, however, these characteristics detracted from performance as investor demand increased in the riskier segments of the market.

During the six-month period, the Fund's bank loan investments underperformed the broader bank loan market, primarily as a result of strong performance in the riskier end of the market. Management continued to maintain smaller allocations to large lower-quality loans notably, some significant issues that came to market in 2007 than did the market, an underweighting that it believes may lead to better long-term performance. A lower allocation to B-rated loans, which rallied the most after the May/June volatility, slightly detracted during the summer months. The price of these issues rallied more than the overall

- ¹ APS percentage represents the liquidation value of the Fund's APS outstanding at 10/31/10 as a percentage of the Fund's net assets applicable to common shares plus APS and borrowings outstanding. In the event of a rise in long-term interest rates, the value of the Fund's investment portfolio could decline, which would reduce the asset coverage for its APS and borrowings.

Susan Schiff, CFA
Co-Portfolio Manager

Catherine C. McDermott

Co-Portfolio Manager market as investors sought higher discount opportunities. European bank loan holdings, meanwhile, contributed positively to performance.

In the MBS portion of the Fund, the investment emphasis remained on seasoned MBS. Typically, the mortgages underlying seasoned MBS were originated in the 1980s and 1990s. As a result, they have generally lower loan-to-home value ratios, meaning that the underlying homeowners have more equity in their homes than the average borrower. In addition, these loans are guaranteed by government agencies. For the six-month period, seasoned MBS spreads tightened by approximately 15 basis points (0.15%). Prepayment rates continued to run in the low- to mid-teens without any meaningful increase, despite new lows in mortgage rates. Shifting focus to the entire U.S. government agency MBS market, a lack of new supply resulted in a positive technical environment, providing support for yield spreads as U.S. Treasury yields declined.

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As of October 31, 2010, the Fund employed leverage of 32.1% of total assets 1.7% from TALF loans, 21.2% in other borrowings and 9.2% from APS.¹ TALF loans are non-recourse to the Fund. Use of leverage creates an opportunity for income, but at the same time creates special risks (including the likelihood of greater volatility of NAV and market price of common shares).

Eaton Vance Limited Duration Income Fund as of October 31, 2010

FUND PERFORMANCE

Fund Performance¹

NYSE Amex Symbol

EVV

Average Annual Total Returns (by market price, NYSE Amex)

Six Months	4.90%
One Year	31.09
Five Years	9.85
Life of Fund (5/30/03)	7.53

Average Annual Total Returns (at net asset value)

Six Months	6.09%
One Year	17.12
Five Years	8.41
Life of Fund (5/30/03)	7.72

¹ *Six - month returns are cumulative. Other returns are presented on an average annual basis. Performance results reflect the effect of leverage from the Fund's issuance of APS and its debt financing. Absent a fee reduction by the investment adviser of the Fund, the returns would be lower.*

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or market price (as applicable) with all distributions reinvested. The Fund's performance at market price will differ from its results at NAV. Although market price performance generally reflects investment results over time, during shorter periods, returns at market price can also be affected by factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for the Fund's shares, or

changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to www.eatonvance.com.

Portfolio Composition

Fund Allocations²

By net investments

² F u n d

Allocations are shown as a percentage of the Fund's net investments, which represented 145.9% of the Fund's net assets as of 10/31/10. Fund allocations may not be representative of the Fund's current or future investments and are subject to change due to active management.

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

Eaton Vance Limited Duration Income Fund as of October 31, 2010

PORTFOLIO OF INVESTMENTS (Unaudited)

Senior Floating-Rate Interests 40.4%**Principal
Amount***

(000 s omitted)	Borrower/Tranche Description	Value
Aerospace and Defense 1.0%		
Aveos Fleet Performance, Inc.		
40	Revolving Loan, 8.18%, Maturing March 12, 2013 ⁽²⁾	\$ 39,120
59	Term Loan, 11.25%, Maturing March 12, 2013	58,829
158	Term Loan - Second Lien, 10.75%, Maturing March 12, 2015 ⁽³⁾	148,036
Avio Holding SpA		
EUR 700	Term Loan - Second Lien, 5.10%, Maturing June 14, 2016	927,983
Booz Allen Hamilton, Inc.		
2,973	Term Loan, 6.00%, Maturing July 31, 2015	2,988,131
DAE Aviation Holdings, Inc.		
654	Term Loan, 4.04%, Maturing July 31, 2014	629,109
675	Term Loan, 4.04%, Maturing July 31, 2014	649,688
Delos Aircraft, Inc.		
775	Term Loan, 7.00%, Maturing March 17, 2016	794,375
Doncasters (Dunde HoldCo 4 Ltd.)		
560	Term Loan, 4.26%, Maturing July 13, 2015	504,186
560	Term Loan, 4.76%, Maturing July 13, 2015	504,187
GBP 1,234	Term Loan - Second Lien, 6.57%, Maturing January 13, 2016	1,535,480
Evergreen International Aviation		
809	Term Loan, 10.50%, Maturing October 31, 2011 ⁽³⁾	798,843
Hawker Beechcraft Acquisition		
3,515	Term Loan, 2.26%, Maturing March 26, 2014	2,953,553

187	Term Loan, 2.29%, Maturing March 26, 2014	157,239
IAP Worldwide Services, Inc.		
1,046	Term Loan, 8.25%, Maturing December 30, 2012 ⁽³⁾	1,027,425
International Lease Finance Co.		
1,050	Term Loan, 6.75%, Maturing March 17, 2015	1,077,469
TransDigm, Inc.		
2,075	Term Loan, 2.27%, Maturing June 23, 2013	2,054,769
Wesco Aircraft Hardware Corp.		
1,295	Term Loan, 2.51%, Maturing September 30, 2013	1,285,742
Wyle Laboratories, Inc.		
948	Term Loan, 7.75%, Maturing March 25, 2016	951,177
		\$ 19,085,341

Automotive 1.7%

Adesa, Inc.

3,994	Term Loan, 3.01%, Maturing October 18, 2013	\$ 3,904,016
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Allison Transmission, Inc.

5,881	Term Loan, 3.03%, Maturing August 7, 2014	5,656,141
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Dayco Products, LLC

547	Term Loan, 10.50%, Maturing May 13, 2014	545,915
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86	Term Loan, 12.50%, Maturing November 13, 2014 ⁽³⁾	84,417
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Federal-Mogul Corp.

4,083	Term Loan, 2.20%, Maturing December 29, 2014	3,634,744
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3,628	Term Loan, 2.20%, Maturing December 28, 2015	3,229,485
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Ford Motor Co.

4,490	Term Loan, 3.04%, Maturing December 16, 2013	4,452,586
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1,000	Term Loan, Maturing December 16, 2013 ⁽⁴⁾	988,594
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Goodyear Tire & Rubber Co.

4,450	Term Loan - Second Lien, 2.21%, Maturing April 30, 2014	4,292,394
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HHI Holdings, LLC

975	Term Loan, 9.75%, Maturing March 30, 2015	989,625
Keystone Automotive Operations, Inc.		
1,284	Term Loan, 3.79%, Maturing January 12, 2012	1,091,522
LKQ Corp. U.S.		
1,203	Term Loan, 2.51%, Maturing October 12, 2013	1,199,710
TriMas Corp.		
397	Term Loan, 6.00%, Maturing August 2, 2011	397,867
2,477	Term Loan, 6.00%, Maturing December 15, 2015	2,482,691
United Components, Inc.		
1,300	Term Loan, 6.25%, Maturing March 23, 2017	1,313,650
		\$ 34,263,357

Beverage and Tobacco 0.2%

Constellation Brands, Inc.		
708	Term Loan, 1.81%, Maturing June 5, 2013	\$ 705,890
349	Term Loan, 3.06%, Maturing June 5, 2015	351,840
Liberator Midco Ltd.		
GBP 800	Term Loan, 11.32%, Maturing November 3, 2016 ⁽³⁾	1,307,246
Maine Beverage Co., LLC		
319	Term Loan, 2.04%, Maturing March 31, 2013	306,797
Van Houtte, Inc.		
113	Term Loan, 2.79%, Maturing July 19, 2014	111,576
825	Term Loan, 2.79%, Maturing July 19, 2014	818,227
		\$ 3,601,576

Building and Development 0.8%

Beacon Sales Acquisition, Inc.

851	Term Loan, 2.28%, Maturing September 30, 2013	\$ 810,895
Brickman Group Holdings, Inc.		
1,325	Term Loan, 7.25%, Maturing October 14, 2016	1,340,736

See notes to financial statements

Eaton Vance Limited Duration Income Fund as of October 31, 2010

PORTFOLIO OF INVESTMENTS (Unaudited) CONT D

Principal Amount*	(000 s omitted) Borrower/Tranche Description	Value
Building and Development (continued)		
Building Materials Corp. of America		
984	Term Loan, 3.06%, Maturing February 24, 2014	\$ 978,533
Forestar USA Real Estate Group, Inc.		
311	Revolving Loan, 1.18%, Maturing December 1, 2010 ⁽²⁾	292,711
2,854	Term Loan, 6.50%, Maturing December 1, 2010	2,797,258
Metroflag BP, LLC		
1,700	Term Loan - Second Lien, 0.00%, Maturing October 31, 2009 ⁽⁵⁾⁽⁶⁾	0
NCI Building Systems, Inc.		
639	Term Loan, 8.00%, Maturing April 18, 2014	616,137
Panolam Industries Holdings, Inc.		
2,103	Term Loan, 8.25%, Maturing December 31, 2013	1,941,380
RE/MAX International, Inc.		
2,363	Term Loan, 5.50%, Maturing April 15, 2016	2,370,510
Realogy Corp.		
314	Term Loan, 3.26%, Maturing October 10, 2013	286,521
2,307	Term Loan, 3.26%, Maturing October 10, 2013	2,101,995
South Edge, LLC		
288	Term Loan, 0.00%, Maturing October 31, 2009 ⁽⁵⁾	136,562
Standard Pacific Corp.		
1,260	Term Loan, 2.12%, Maturing May 5, 2013	1,146,600
WCI Communities, Inc.		
370	Term Loan, 11.00%, Maturing September 3, 2014 ⁽³⁾	368,880
848		819,305

Term Loan, 10.00%, Maturing
September 2, 2016

\$ 16,008,023

Business Equipment and Services 3.6%

Activant Solutions, Inc.

1,801 Term Loan, 2.31%, Maturing May 2, 2013 \$ 1,741,386

Advantage Sales & Marketing, Inc.

1,493 Term Loan, 5.00%, Maturing May 5, 2016 1,492,127

Affinion Group, Inc.

4,677 Term Loan, 5.00%, Maturing October 10,
2016 4,623,889

Allied Barton Security Service

1,092 Term Loan, 7.75%, Maturing February 18,
2015 1,097,882

Dealer Computer Services, Inc.

2,101 Term Loan, 5.25%, Maturing April 21,
2017 2,103,851

Education Management, LLC

4,784 Term Loan, 2.06%, Maturing June 3, 2013 4,456,160

First American Corp.

1,172 Term Loan, 4.75%, Maturing April 12,
2016 1,180,120

Infogroup, Inc.

898 Term Loan, 6.25%, Maturing July 1, 2016 903,735

Information Resources, Inc.

1,425 Term Loan, 3.35%, Maturing May 16, 2014 1,399,958

iPayment, Inc.

2,071 Term Loan, 2.28%, Maturing May 10, 2013 1,961,941

Kronos, Inc.

1,472 Term Loan, 2.04%, Maturing June 11, 2014 1,442,645

Language Line, Inc.

1,471 Term Loan, 5.50%, Maturing November 4,
2015