

John Hancock Hedged Equity & Income Fund
Form N-CSRS
September 01, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811- 22441

John Hancock Hedged Equity & Income Fund
(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210
(Address of principal executive offices) (Zip code)

Salvatore Schiavone

Treasurer

601 Congress Street

Boston, Massachusetts 02210
(Name and address of agent for service)

Registrant's telephone number, including area code: 617-663-4497

Date of fiscal year end: December 31

Date of reporting period: June 30, 2015

ITEM 1. REPORT TO SHAREHOLDERS

John Hancock

Hedged Equity & Income Fund

Ticker: HEQ Semiannual report 6/30/15

Managed distribution plan

The fund has adopted a managed distribution plan (Plan). Under the Plan, the fund makes quarterly distributions of an amount equal to \$0.376 per share, which will be paid quarterly until further notice. The fund may make additional distributions: (i) for purposes of not incurring federal income tax on the fund of investment company taxable income and net capital gain, if any, not included in such regular distributions; and (ii) for purposes of not incurring federal excise tax on ordinary income and capital gain net income, if any, not included in such regular distributions.

The Plan provides that the Board of Trustees of the fund may amend the terms of the Plan or terminate the Plan at any time without prior notice to the fund's shareholders. The Plan is subject to periodic review by the fund's Board of Trustees.

You should not draw any conclusions about the fund's investment performance from the amount of the fund's distributions or from the terms of the fund's Plan. The fund's total return at NAV is presented in the Financial highlights section.

With each distribution that does not consist solely of net income, the fund will issue a notice to shareholders and an accompanying press release that will provide detailed information regarding the amount and composition of the distribution and other related information. The amounts and sources of distributions reported in the notice to shareholders are only estimates and are not provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes. The fund may, at times, distribute more than its net investment income and net realized capital gains; therefore, a portion of your distribution may result in a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the fund is paid back to you. A return of capital does not necessarily reflect the fund's investment performance and should not be confused with yield or income.

A message to shareholders

Dear shareholder,

Despite improving economic conditions in many developed countries and continued central bank stimulus, global market volatility crept up near the end of the period. European markets were shaken by the ongoing debt crisis in Greece, including that country's default on debt payments and initial vote to reject the terms of a bailout package from European creditors. A subsequent deal offered hope of an orderly resolution. Meanwhile, in China, the stock market rally fizzled in June, and the ensuing sell-off was stemmed only as a result of massive government intervention. In the United States, a stronger economy has increased the chances that the U.S. Federal Reserve will raise short-term interest rates this year – an event investors have viewed with trepidation for some time.

We may be in for a period of rising volatility as markets adjust to the idea of more normalized monetary policy in the

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United States and as the European debt situation continues to play out. Unpleasant as they are, these periods can ultimately be beneficial to the long-term health of markets, resetting valuations and investor expectations on a more realistic trajectory. The near-term challenge for many investors will be maintaining the discipline to stick to a well-constructed long-term financial plan in the face of short-term market disruptions. As always, we recommend that your first course of action be a conversation with your financial advisor. We also believe investors can be well served by owning broadly diversified asset allocation funds or by adding alternative strategies such as absolute return funds to a diversified portfolio.

At John Hancock Investments, one of the ways we seek to maximize the value shareholders receive is by lowering expenses where possible. To that end, we were pleased to announce a sweeping package of expense reductions across a wide range of funds. Details can be found at jhinvestments.com.

On behalf of everyone at John Hancock Investments, I'd like to take this opportunity to welcome new shareholders and thank existing shareholders for the continued trust you've placed in us.

Sincerely,

Andrew G. Arnott
President and Chief Executive Officer
John Hancock Investments

This commentary reflects the CEO's views as of June 30, 2015. They are subject to change at any time. For more up-to-date information, you can visit our website at jhinvestments.com.

John Hancock
Hedged Equity & Income Fund

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Your fund at a glance

INVESTMENT OBJECTIVE

The fund seeks to provide total return with a focus on current income and gains and also consisting of long-term capital appreciation.

AVERAGE ANNUAL TOTAL RETURNS AS OF 6/30/15 (%)

The MSCI All Country World Index (gross of foreign withholding tax on dividends) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

It is not possible to invest directly in an index. Index figures do not reflect expenses or sales charges, which would result in lower values.

The fund's most recent performance and current annualized distribution rate can be found at www.jhinvestments.com.

The fund's performance at net asset value (NAV) is different from the fund's performance at closing market price because the closing market price is subject to the dynamics of secondary market trading, which could cause the fund to trade at a discount or premium to its NAV at any time.

The performance data contained within this material represents past performance, which does not guarantee future results.

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PERFORMANCE HIGHLIGHTS OVER THE LAST SIX MONTHS

Positive absolute returns

Buoyed by its equity strategy, the fund was up for the six months ending June 30, 2015.

Bonds a mixed bag

The fund held global high-yield fixed-income investments during the period, contributing to absolute performance, though they trailed equities.

Hedges hindered

The fund's hedging strategy, which is designed to reduce stock market risk using futures contracts, weighed on returns during this period of modestly rising equities.

PORTFOLIO COMPOSITION AS OF 6/30/15 (%)

A note about risks

As is the case with all closed-end funds, shares of this fund may trade at a discount to the fund's net asset value. An investment in the fund is subject to investment and market risks, including the possible loss of the entire principal invested. There is no guarantee prior distribution levels will be maintained and distributions may include a substantial

tax return of capital. Fixed-income investments are subject to interest-rate risk; their value will normally decline as interest rates rise. An issuer of securities held by the fund may default, have its credit rating downgraded, or otherwise perform poorly, which may affect fund performance. Investing in derivative instruments involves risks different from, and in some cases greater than, the risks associated with investing directly in securities and other traditional investments. Certain market conditions, including reduced trading volume, heightened volatility, and rising interest rates, may impair liquidity, the ability of the fund to sell securities or close derivative positions at advantageous prices. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. The primary risks associated with the use of futures contracts and options are imperfect correlation, unanticipated market movement, and counterparty risk. Investments in higher-yielding, lower-rated securities include a higher risk of default.

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Discussion of fund performance

An interview with Portfolio Manager Kent M. Stahl, CFA, Wellington Management Company LLP

Kent M. Stahl, CFA

Portfolio Manager

Wellington Management Company LLP

What did you observe in the markets over the six months ended June 30, 2015?

The extended rally in stocks continued as global equities were generally up for the period. Still, investors endured a number of worrisome headlines along the way, including disappointing manufacturing data from China and Japan, as well as questions about Greece's future in the eurozone.

The Bank of Japan expanded its quantitative easing policy, the People's Bank of China surprised markets with its first rate cut in two years, and the European Central Bank announced a massive asset-purchase program to combat low inflation and stimulate growth. European equities benefited from the accommodative policy measures and from improving economic data, including positive trends in manufacturing, exports, and economic sentiment.

A continued boom in corporate takeovers also fueled bullish sentiment, as merger-and-acquisition deal volume remained robust. Eight of ten sectors in the fund's reference benchmark, the MSCI All Country World Index, posted positive returns, with healthcare, consumer discretionary, and telecommunication services stocks leading the way. The utilities and energy sectors declined.

Would you recap the fund's performance overall?

For the six-month period ended June 30, 2015, the fund posted total returns of 3.43% at net asset value and 2.38% at closing market price. The fund's benchmark, a proxy for the global stock markets, posted a 2.97% return. The fund's call option and equity strategies contributed to relative returns, but its market risk hedging positions, using futures contracts, weighed on results.

What drove performance in the fund's equity portfolio specifically?

The fund's equity strategy generated positive relative returns (i.e., relative to the benchmark) for the period, driven by stock selection. Favorable selection within the telecommunications services and financials sectors contributed to

relative performance. Partially offsetting results was less favorable selection within the energy and utilities sectors. Sector allocation, a byproduct of the bottom-up

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"A continued boom in corporate takeovers also fueled bullish sentiment, as merger-and-acquisition deal volume remained robust."

stock selection process, modestly detracted from relative results; underweight exposure to the consumer discretionary sector and a modest overweight allocation to utilities hindered performance.

In terms of individual holdings, top contributors to relative performance included U.S.-based manufacturer and marketer of packaged foods Kraft Foods Group Inc., Japan-based telecommunication services company Nippon Telegraph and Telephone Corp., and Japan-based pharmaceutical company Eisai Company, Ltd.

Detractors from relative performance included positions in U.S.-based semiconductor chip manufacturer Intel Corp., U.S.-based electric power and gas distribution company Duke Energy Corp., and Netherlands-based financial services provider Delta Lloyd NV.

SECTOR COMPOSITION AS OF 6/30/15 (%)

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"The fund's call option and equity strategies contributed to relative returns, but its market risk hedging and high-yield bond strategies weighed on results."

Would you comment further on the performance of the fund's options and beta hedging strategies?

On the one hand, the written calls on the S&P 500 Index contributed positively to results, generating income for the fund amid the relatively muted performance of U.S. stocks.

On the other hand, the fund's beta hedge strategy detracted from results. Designed to reduce equity market exposure by selling futures contracts on the S&P 500 Index and the MSCI EAFE Index, this strategy generally hinders performance when stocks rise, as they did during this period.

How about the fund's bond exposure?

The fund held global high-yield bonds to aid its income-generating capability. While this fixed-income allocation generated positive absolute performance, the fund might have done even better relative to its equity benchmark without those positions, as stocks outpaced bonds during this particular period.

How was the fund positioned at the end of the period?

At the end of the period, the fund's equity portfolio had overweight allocations to the financials, materials, telecommunication services, and utilities sectors, and underweight allocations to the consumer discretionary, consumer staples, healthcare, and information technology sectors. From a

TOP 10 HOLDINGS AS OF 6/30/15 (%)

Merck & Company, Inc.	2.0
Microsoft Corp.	1.9
The PNC Financial Services Group, Inc.	1.7
Maxim Integrated Products, Inc.	1.7
British American Tobacco PLC	1.7
JPMorgan Chase & Co.	1.6
Duke Energy Corp.	1.3
Nippon Telegraph & Telephone Corp.	1.3
Intel Corp.	1.2
Bristol-Myers Squibb Company	1.2
TOTAL	15.6

As a percentage of net assets.

Cash and cash equivalents are not included.

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regional standpoint, the fund was overweight equities in Japan, Europe, and North America, and underweight emerging markets.

As always, we remain vigilant about risk, and we believe that the fund's strategy, which seeks to participate in rising markets while limiting exposure to the downside and generating income, complements the more traditional stock and bond holdings that tend to dominate the portfolios of most investors.

MANAGED BY

Kent M. Stahl, CFA

On the fund since 2011

Investing since 1985

Gregg R. Thomas, CFA

On the fund since 2011

Investing since 1993

COUNTRY COMPOSITION AS OF 6/30/15 (%)

United States	56.0
Japan	10.3
United Kingdom	8.1
France	3.5
Germany	3.3
Switzerland	3.3
Canada	2.1
Netherlands	2.1
China	1.7
Spain	1.4
Other countries	8.2

TOTAL 100.0

As a percentage of net assets.

The views expressed in this report are exclusively those of Kent M. Stahl, CFA, Wellington Management Company LLP, and are subject to change. They are not meant as investment advice. Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

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Fund's investments

As of 6-30-15 (unaudited)

	Shares	Value
Common stocks		\$195,088,761
81.5%		
(Cost \$185,029,217)		
Consumer discretionary	6.2%	14,854,441
Auto components	0.9%	
Aisan Industry Company, Ltd.	14,300	134,120
Delphi Automotive PLC	6,348	540,151
Exedy Corp.	7,600	189,759
Keihin Corp.	14,200	203,464
Nissin Kogyo Company, Ltd.	6,500	107,229
Sumitomo Riko Company, Ltd.	18,000	143,531
Takata Corp.	11,300	122,989
Tokai Rika	8,300	207,315

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Company, Ltd. Toyoda Gosei Company, Ltd. Toyota Boshoku Corp. Automobiles 0.4%	12,000	289,251
Honda Motor Company, Ltd. Peugeot SA (I) Renault SA Diversified consumer services 0.1%	16,300	274,686
Allstar Co-Invest LLC (I)(R) Benesse Holdings, Inc. Hotels, restaurants and leisure 0.4%	14,200	458,942
McDonald's Corp. Household durables 1.3%	11,549	238,161
D.R. Horton, Inc. Funai Electric Company, Ltd. Newell Rubbermaid,24,400 Inc. Nikon Corp. Pioneer Corp. (I) PulteGroup, Inc. Internet and catalog retail 0.1%	2,665	279,418
Home Retail Group PLC	236,300	255,204
	1,600	40,111
	10,392	987,967
	17,616	481,974
	15,200	169,055
	24,400	1,003,084
	21,100	243,846
	103,900	189,172
	46,291	932,764
	51,206	135,971
	49,556	73,181

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Ltd. Ross Stores, Inc.	7,993	388,540
Shimamura Company, Ltd.	1,900	199,479
The Home Depot, Inc.	21,538	2,393,518
Xebio Company, Ltd.	9,700	189,474
Textiles, apparel and luxury goods 0.2% Daphne International Holdings, Ltd.	402,000	100,619
Ralph Lauren Corp.	2,767	366,240
Consumer staples 5.5% Beverages 0.7%		13,068,996
The Coca-Cola Company	45,135	1,770,646
Food and staples retailing 0.2% Cawachi, Ltd.	7,400	111,315
J Sainsbury PLC	79,626	331,461
Food products 2.6% Ebro Foods SA	27,725	537,153
Ingredion, Inc.	13,729	1,095,711
Kraft Foods Group, Inc.	29,365	2,500,136
Pinnacle Foods, Inc.	25,226	1,148,792
Suedzucker AG	13,763	229,235
Unilever NV	17,110	715,354
Household products 0.2%		

The Procter & Gamble Company	6,420	502,301
Personal products 0.1%		
Oriflame Holding AG (I)	10,701	172,975
Tobacco 1.7%		
British American Tobacco PLC	73,435	3,953,917
Energy 6.8%		16,244,389
Energy equipment and services 0.3%		
Ensco PLC, Class A	14,177	315,722
National Oilwell Varco, Inc.	8,380	404,586
Oil, gas and consumable fuels 6.5%		
BP PLC	121,507	806,402
Canadian Natural Resources, Ltd.	14,308	388,605

9SEE NOTES TO FINANCIAL STATEMENTS

	Shares	Value
Energy (continued)		
Oil, gas and consumable fuels (continued)		
Chevron Corp.	25,251	\$2,435,964
Encana Corp.	10,300	113,556
Eni SpA	26,905	477,876
Exxon Mobil Corp.	13,417	1,116,294
Gazprom OAO, ADR	42,654	224,787
	484,500	40,071

Harum Energy Tbk PT HollyFrontier Corp.	10,854	463,357
Indo Tambangraya Megah Tbk PT Inpex Corp.	62,200	59,779
	20,500	232,694