

John Hancock Hedged Equity & Income Fund
Form N-CSRS
August 26, 2014

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, 2014

ITEM 1. REPORTS TO STOCKHOLDERS.

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. This fixed amount was based upon an annual distribution rate of 8.00% of the fund's net asset value (NAV) of \$18.80 on August 31, 2013 at the time the Plan was last amended. 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 will be 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.

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."

Semiannual report | Hedged Equity & Income Fund

Portfolio summary

Top 10 Holdings (16.8% of Net Assets on 6-30-14)^{1,2}

| | | | |
|---------------------------------|------|------------------------------------|------|
| Roche Holding AG | 2.1% | Microsoft Corp. | 1.7% |
| Merck & Company, Inc. | 2.0% | PNC Financial Services Group, Inc. | 1.6% |
| Chevron Corp. | 1.9% | Johnson & Johnson | 1.3% |
| Maxim Integrated Products, Inc. | 1.8% | British American Tobacco PLC | 1.3% |
| JPMorgan Chase & Company | 1.8% | Marsh & McLennan Companies, Inc. | 1.3% |

Sector Composition^{1,3}

| | | | |
|------------------------|-------|--------------------------------|------|
| Financials | 22.4% | Materials | 8.3% |
| Information Technology | 12.7% | Consumer Staples | 5.5% |
| Health Care | 11.1% | Telecommunication Services | 5.4% |
| Industrials | 9.8% | Utilities | 3.7% |
| Energy | 9.4% | Short-Term Investments & Other | 2.7% |
| Consumer Discretionary | 9.0% | | |

Portfolio Composition¹

| | | | |
|-----------------|-------|--------------------------------|------|
| Common Stocks | 82.9% | Convertible Bonds | 0.2% |
| Corporate Bonds | 13.3% | Preferred Securities | 0.1% |
| Term Loans | 0.8% | Short-Term Investments & Other | 2.7% |

¹ As a percentage of net assets on 6-30-14.

² Cash and cash equivalents are not included.

³ Sector investing is subject to greater risks than the market as a whole. Because the fund may focus on particular sectors of the economy, its performance may depend on the performance of those sectors.

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Fund's investments

As of 6-30-14 (unaudited)

| | Shares | Value |
|----------------------------|--------|----------------------|
| Common Stocks 82.9% | | \$225,079,845 |

(Cost \$199,935,420)

| | | |
|------------------------------------|--|-------------------|
| Consumer Discretionary 6.3% | | 17,114,861 |
|------------------------------------|--|-------------------|

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Auto Components 1.0%

| | | |
|------------------------------------|--------|---------|
| Delphi Automotive PLC | 7,700 | 529,297 |
| Exedy Corp. | 7,500 | 223,224 |
| Keihin Corp. | 16,500 | 262,371 |
| NOK Corp. | 12,800 | 257,372 |
| The Goodyear Tire & Rubber Company | 15,300 | 425,034 |
| Tokai Rika Company, Ltd. | 14,300 | 287,271 |
| Tokai Rubber Industries, Ltd. | 15,700 | 178,006 |
| Topre Corp. | 4,300 | 58,465 |
| Toyoda Gosei Company, Ltd. | 16,700 | 347,144 |
| Toyota Boshoku Corp. | 24,100 | 255,071 |

Automobiles 0.4%

| | | |
|---------------------------|--------|---------|
| Honda Motor Company, Ltd. | 8,400 | 293,116 |
| Peugeot SA (I) | 33,571 | 496,704 |
| Renault SA | 3,920 | 354,347 |

Distributors 0.0%

| | | |
|------------------------|-------|---------|
| Doshisha Company, Ltd. | 6,400 | 112,826 |
|------------------------|-------|---------|

Diversified Consumer Services 0.1%

| | | |
|------------------------------|---------|---------|
| Allstar Co-Invest LLC (I)(R) | 236,300 | 257,567 |
|------------------------------|---------|---------|

Hotels, Restaurants & Leisure 0.5%

| | | |
|---------------------------------------|--------|-----------|
| Mandarin Oriental International, Ltd. | 98,000 | 186,832 |
| McDonald's Corp. | 11,410 | 1,149,443 |

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Household Durables 0.8%

| | | |
|------------------------------|--------|-----------|
| Alpine Electronics, Inc. | 13,500 | 190,392 |
| Funai Electric Company, Ltd. | 19,400 | 195,689 |
| Newell Rubbermaid, Inc. | 27,200 | 842,928 |
| PulteGroup, Inc. | 49,800 | 1,003,968 |

Internet & Catalog Retail 0.1%

| | | |
|-----------------------|--------|---------|
| Home Retail Group PLC | 37,935 | 114,623 |
|-----------------------|--------|---------|

Media 1.3%

| | | |
|-------------------------|---------|---------|
| Clear Media, Ltd. | 105,000 | 100,534 |
| Gendai Agency, Inc. | 6,700 | 45,314 |
| Metropole Television SA | 9,954 | 202,209 |
| ProSiebenSat.1 Media AG | 19,251 | 856,843 |

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See notes to financial statements

| | Shares | Value |
|--|---------------|--------------|
| Media (continued) | | |
| Proto Corp. | 7,300 | \$107,724 |
| The Interpublic Group of Companies, Inc. | 16,000 | 312,160 |
| Tri-Stage, Inc. | 4,700 | 56,989 |
| WPP PLC | 87,322 | 1,902,910 |
| Multiline Retail 0.2% | | |
| Mothercare PLC (I) | 24,116 | 98,615 |
| New World Department Store China, Ltd. | 232,000 | 93,376 |

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| | | |
|--|---------|-------------------|
| Nordstrom, Inc. | 4,500 | 305,685 |
| Specialty Retail 1.5% | | |
| Adastria Holdings Company, Ltd. | 10,400 | 244,123 |
| GNC Holdings, Inc., Class A | 6,700 | 228,470 |
| Honeys Company, Ltd. | 13,230 | 126,735 |
| Nishimatsuya Chain Company, Ltd. | 21,000 | 185,567 |
| Pal Company, Ltd. | 6,900 | 163,950 |
| Ross Stores, Inc. | 6,800 | 449,684 |
| Shimamura Company, Ltd. | 2,400 | 236,241 |
| The Home Depot, Inc. | 27,339 | 2,213,365 |
| Xebio Company, Ltd. | 11,200 | 219,692 |
| Textiles, Apparel & Luxury Goods 0.4% | | |
| Daphne International Holdings, Ltd. | 458,000 | 179,638 |
| Hanesbrands, Inc. | 4,000 | 393,760 |
| Ralph Lauren Corp. | 2,300 | 369,587 |
| Consumer Staples 5.2% | | 13,969,287 |
| Beverages 0.5% | | |
| Diageo PLC, ADR | 9,296 | 1,183,102 |
| Food & Staples Retailing 0.1% | | |
| Cawachi, Ltd. | 8,500 | 162,405 |
| Delhaize Group SA | 2,662 | 180,130 |
| Food Products 2.3% | | |

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| | | |
|-------------------------|--------|-----------|
| Ebro Foods SA | 23,835 | 529,564 |
| GrainCorp., Ltd. | 20,116 | 159,257 |
| Ingredion, Inc. | 9,876 | 741,095 |
| Kraft Foods Group, Inc. | 46,388 | 2,780,961 |
| Unilever NV | 18,488 | 809,276 |
| Unilever NV — NY Shares | 29,230 | 1,279,105 |

Household Products 0.6%

| | | |
|------------------------------|--------|-----------|
| The Procter & Gamble Company | 19,600 | 1,540,364 |
|------------------------------|--------|-----------|

Personal Products 0.1%

| | | |
|-----------------------|-------|---------|
| Oriflame Cosmetics SA | 7,474 | 174,004 |
|-----------------------|-------|---------|

Tobacco 1.6%

| | | |
|-----------------------------------|--------|-----------|
| British American Tobacco PLC | 59,921 | 3,565,425 |
| Philip Morris International, Inc. | 10,255 | 864,599 |

See notes to financial statements

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| | Shares | Value |
|---|---------|---------------------|
| Energy 8.2% | | \$22,341,757 |
| Energy Equipment & Services 0.8% | | |
| Baker Hughes, Inc. | 10,900 | 811,505 |
| National Oilwell Varco, Inc. | 8,400 | 691,740 |
| Trican Well Service, Ltd. | 45,300 | 731,474 |
| Oil, Gas & Consumable Fuels 7.4% | | |
| BP PLC | 126,513 | 1,114,063 |

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| | | |
|---|-----------|-------------------|
| Canadian Natural Resources, Ltd. | 15,700 | 720,787 |
| Chevron Corp. | 39,710 | 5,184,141 |
| Denbury Resources, Inc. | 18,400 | 339,664 |
| Encana Corp. | 11,800 | 279,560 |
| Energy Resources of Australia, Ltd. (I) | 38,179 | 44,049 |
| Eni SpA | 26,536 | 725,751 |
| Exxon Mobil Corp. | 21,651 | 2,179,823 |
| Gazprom OAO, ADR | 43,079 | 375,433 |
| HRT Participacoes em Petroleo SA (I) | 37,300 | 20,089 |
| Inpex Corp. | 27,500 | 418,335 |
| Japan Petroleum Exploration Company | 5,400 | 225,275 |
| Marathon Oil Corp. | 21,310 | 850,695 |
| Occidental Petroleum Corp. | 10,647 | 1,092,702 |
| Oil India, Ltd. | 10,650 | 103,641 |
| Painted Pony Petroleum, Ltd. (I) | 14,600 | 186,767 |
| PetroChina Company, Ltd., H Shares | 1,052,000 | 1,322,039 |
| Petroleo Brasileiro SA, ADR | 20,385 | 298,233 |
| Suncor Energy, Inc. | 48,473 | 2,066,404 |
| Talisman Energy, Inc. | 21,900 | 231,509 |
| Total SA | 29,893 | 2,162,748 |
| Valero Energy Corp. | 3,300 | 165,330 |
| Financials 20.3% | | 55,011,112 |

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Banks 9.2%

| | | |
|---|---------|-----------|
| Allahabad Bank | 51,618 | 124,421 |
| Banca Popolare dell'Emilia Romagna SC (I) | 13,255 | 119,594 |
| Banco Bilbao Vizcaya Argentaria SA | 105,347 | 1,342,691 |
| Banco Espirito Santo SA (I) | 91,233 | 75,062 |
| Banco Popular Espanol SA | 17,304 | 115,597 |
| BankUnited, Inc. | 10,006 | 335,001 |
| Barclays PLC | 201,630 | 734,493 |
| BNP Paribas SA | 7,112 | 483,323 |
| Canara Bank | 19,417 | 149,133 |
| Corporation Bank | 14,209 | 93,345 |
| Dah Sing Financial Holdings, Ltd. | 33,200 | 175,419 |
| HSBC Holdings PLC | 305,968 | 3,104,067 |
| JPMorgan Chase & Company | 83,126 | 4,789,720 |
| KB Financial Group, Inc. | 6,785 | 235,791 |
| M&T Bank Corp. | 3,420 | 424,251 |
| Mitsubishi UFJ Financial Group, Inc. | 331,000 | 2,031,914 |
| PNC Financial Services Group, Inc. | 47,970 | 4,271,729 |
| Shinhan Financial Group Company, Ltd. | 3,783 | 174,534 |

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See notes to financial statements

| | Shares | Value |
|--------------------------|---------------|--------------|
| Banks (continued) | | |

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| | | |
|---------------------------------------|---------|-----------|
| Societe Generale SA | 7,496 | \$393,110 |
| Standard Chartered PLC | 26,371 | 539,025 |
| Sumitomo Mitsui Financial Group, Inc. | 10,300 | 432,156 |
| Svenska Handelsbanken AB, Class A | 16,992 | 830,901 |
| The Eighteenth Bank, Ltd. | 46,000 | 119,420 |
| The Higashi-Nippon Bank, Ltd. | 31,000 | 78,999 |
| The Oita Bank, Ltd. | 24,000 | 86,747 |
| The Tochigi Bank, Ltd. | 26,000 | 111,407 |
| The Yamanashi Chuo Bank, Ltd. | 20,000 | 94,786 |
| UniCredit SpA | 44,876 | 375,225 |
| Wells Fargo & Company | 52,701 | 2,769,965 |
| Zions Bancorporation | 15,100 | 444,997 |
| Capital Markets 2.3% | | |
| Ameriprise Financial, Inc. | 2,900 | 348,000 |
| Ares Capital Corp. | 26,800 | 478,648 |
| BlackRock, Inc. | 7,890 | 2,521,644 |
| Henderson Group PLC | 314,521 | 1,294,556 |
| Julius Baer Group, Ltd. (I) | 5,047 | 207,933 |
| LPL Financial Holdings, Inc. | 10,400 | 517,296 |
| Northern Trust Corp. | 4,500 | 288,945 |
| UBS AG (I) | 17,400 | 319,020 |
| Uranium Participation Corp. (I) | 35,700 | 162,265 |

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Consumer Finance 0.0%

| | | |
|--------------------------|---------|---------|
| Manappuram Finance, Ltd. | 310,299 | 121,252 |
|--------------------------|---------|---------|

Diversified Financial Services 0.7%

| | | |
|--------------------------------|--------|---------|
| Bolsas y Mercados Espanoles SA | 20,666 | 986,473 |
|--------------------------------|--------|---------|

| | | |
|------------------|--------|---------|
| ING Groep NV (I) | 34,560 | 484,963 |
|------------------|--------|---------|

| | | |
|---------------------------------------|-------|---------|
| Intercontinental Exchange Group, Inc. | 2,400 | 453,360 |
|---------------------------------------|-------|---------|

Insurance 6.1%

| | | |
|-----------|--------|-----------|
| ACE, Ltd. | 22,585 | 2,342,065 |
|-----------|--------|-----------|

| | | |
|-------|-------|---------|
| Ageas | 9,509 | 379,230 |
|-------|-------|---------|

| | | |
|---|-------|---------|
| Argo Group International Holdings, Ltd. | 6,800 | 347,548 |
|---|-------|---------|

| | | |
|--------------------|--------|---------|
| Catlin Group, Ltd. | 16,031 | 146,702 |
|--------------------|--------|---------|

| | | |
|----------------|--------|-----------|
| Delta Lloyd NV | 72,588 | 1,842,974 |
|----------------|--------|-----------|

| | | |
|----------------------------------|--------|-----------|
| Marsh & McLennan Companies, Inc. | 65,951 | 3,417,581 |
|----------------------------------|--------|-----------|

| | | |
|---------------|--------|-----------|
| MetLife, Inc. | 45,153 | 2,508,701 |
|---------------|--------|-----------|

| | | |
|----------------------------------|-------|---------|
| Muenchener Rueckversicherungs AG | 3,689 | 816,923 |
|----------------------------------|-------|---------|

| | | |
|---------------------------------|-------|---------|
| Principal Financial Group, Inc. | 3,800 | 191,824 |
|---------------------------------|-------|---------|

| | | |
|------------------------------------|-------|---------|
| Reinsurance Group of America, Inc. | 4,200 | 331,380 |
|------------------------------------|-------|---------|

| | | |
|--------------------|--------|---------|
| Storebrand ASA (I) | 45,671 | 256,942 |
|--------------------|--------|---------|

| | | |
|-----------------|-------|---------|
| Swiss Re AG (I) | 2,420 | 215,179 |
|-----------------|-------|---------|

| | | |
|--------------------|--------|---------|
| T&D Holdings, Inc. | 36,700 | 499,177 |
|--------------------|--------|---------|

| | | |
|---|--------|---------|
| The Dai-ichi Life Insurance Company, Ltd. | 20,000 | 298,053 |
|---|--------|---------|

| | | |
|-----------------------------|--------|---------|
| Tokio Marine Holdings, Inc. | 14,700 | 483,832 |
|-----------------------------|--------|---------|

| | | |
|-------------------------|--------|---------|
| Tongyang Life Insurance | 11,680 | 112,318 |
|-------------------------|--------|---------|

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|-------------------------------|--------|-----------|
| Unum Group | 14,700 | 510,972 |
| Zurich Insurance Group AG (I) | 5,761 | 1,735,133 |

See notes to financial statements

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| | Shares | Value |
|--|---------------|-------------------|
| Real Estate Investment Trusts 1.3% | | |
| Blackstone Mortgage Trust, Inc., Class A | 28,000 | \$812,000 |
| British Land Company PLC | 8,524 | 102,421 |
| Equity Lifestyle Properties, Inc. | 5,000 | 220,800 |
| ICADE | 8,342 | 894,202 |
| Plum Creek Timber Company, Inc. | 4,900 | 220,990 |
| Two Harbors Investment Corp. | 32,400 | 339,552 |
| Weyerhaeuser Company | 24,800 | 820,632 |
| Real Estate Management & Development 0.7% | | |
| Castellum AB | 57,769 | 1,023,961 |
| Deutsche Annington Immobilien SE | 5,545 | 163,036 |
| Deutsche Wohnen AG | 34,159 | 735,806 |
| Health Care 9.7% | | 26,283,890 |
| Biotechnology 0.1% | | |
| Sinovac Biotech, Ltd. (I) | 26,145 | 147,458 |
| Health Care Equipment & Supplies 0.3% | | |
| Covidien PLC | 4,900 | 441,882 |

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| | | |
|--|--------|-------------------|
| Zimmer Holdings, Inc. | 3,300 | 342,738 |
| Health Care Providers & Services 0.5% | | |
| Aetna, Inc. | 11,200 | 908,096 |
| AmerisourceBergen Corp. | 6,000 | 435,960 |
| Health Care Technology 0.0% | | |
| AGFA-Gevaert NV (I) | 41,534 | 121,764 |
| Life Sciences Tools & Services 0.0% | | |
| CMIC Holdings Company, Ltd. | 7,600 | 124,370 |
| Pharmaceuticals 8.8% | | |
| Almirall SA (I) | 52,577 | 852,729 |
| AstraZeneca PLC | 29,423 | 2,189,001 |
| Bristol-Myers Squibb Company | 37,897 | 1,838,383 |
| Daiichi Sankyo Company, Ltd. | 69,100 | 1,291,599 |
| Eisai Company, Ltd. | 29,300 | 1,229,584 |
| H. Lundbeck A/S | 8,935 | 219,858 |
| Johnson & Johnson | 34,289 | 3,587,315 |
| Merck & Company, Inc. | 94,428 | 5,462,660 |
| Ono Pharmaceutical Company, Ltd. | 6,000 | 527,155 |
| Roche Holding AG | 19,382 | 5,774,999 |
| Shionogi & Company, Ltd. | 21,300 | 444,885 |
| Takeda Pharmaceutical Company, Ltd. | 7,400 | 343,454 |
| Industrials 8.4% | | 22,825,081 |
| Aerospace & Defense 1.1% | | |

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| | | |
|---------------------------|--------|-----------|
| Curtiss-Wright Corp. | 4,200 | 275,352 |
| Thales SA | 6,789 | 410,493 |
| United Technologies Corp. | 19,102 | 2,205,326 |

Air Freight & Logistics 0.8%

| | | |
|--------------------------------------|--------|-----------|
| Deutsche Post AG | 22,980 | 829,461 |
| PostNL NV (I) | 78,434 | 370,438 |
| United Parcel Service, Inc., Class B | 9,756 | 1,001,551 |

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See notes to financial statements

| | Shares | Value |
|--|---------------|--------------|
| Airlines 0.3% | | |
| Aer Lingus Group PLC | 47,500 | \$94,010 |
| Delta Air Lines, Inc. | 9,000 | 348,480 |
| Qantas Airways, Ltd. (I) | 292,197 | 347,586 |
| Building Products 0.4% | | |
| Cie de Saint-Gobain | 8,193 | 462,267 |
| Fortune Brands Home & Security, Inc. | 8,800 | 351,384 |
| Owens Corning | 8,400 | 324,912 |
| Commercial Services & Supplies 0.0% | | |
| Aeon Delight Company, Ltd. | 5,500 | 132,923 |
| Construction & Engineering 0.1% | | |
| Raubex Group, Ltd. | 69,639 | 148,393 |

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Electrical Equipment 2.1%

| | | |
|-----------------------|--------|-----------|
| Eaton Corp. PLC | 28,359 | 2,188,748 |
| Futaba Corp. | 5,500 | 94,243 |
| Saft Groupe SA | 4,631 | 177,575 |
| Schneider Electric SE | 30,425 | 2,868,877 |
| Ushio, Inc. | 20,400 | 262,886 |
| Zumtobel AG | 5,529 | 128,971 |

Industrial Conglomerates 1.4%

| | | |
|--------------------------|--------|-----------|
| 3M Company | 8,386 | 1,201,211 |
| General Electric Company | 33,500 | 880,380 |
| Koninklijke Philips NV | 13,132 | 416,787 |
| Rheinmetall AG | 4,745 | 335,534 |
| Siemens AG | 6,727 | 888,194 |

Machinery 0.7%

| | | |
|--|--------|---------|
| Dover Corp. | 4,400 | 400,180 |
| Fuji Machine Manufacturing Company, Ltd. | 20,400 | 178,273 |
| Hisaka Works, Ltd. | 11,000 | 101,983 |
| Koenig & Bauer AG (I) | 2,743 | 45,588 |
| Pentair PLC | 6,900 | 497,628 |
| Star Micronics Company, Ltd. | 8,700 | 124,110 |
| The Japan Steel Works, Ltd. | 24,000 | 105,352 |
| Toshiba Machine Company, Ltd. | 41,000 | 190,798 |
| Vallourec SA | 6,903 | 309,435 |

Professional Services 0.3%

| | | |
|----------------|---------|---------|
| Adecco SA (I) | 4,814 | 396,163 |
| en-japan, Inc. | 7,500 | 160,120 |
| Hays PLC | 100,521 | 251,254 |
| USG People NV | 8,121 | 123,539 |

Trading Companies & Distributors 0.6%

| | | |
|-------------------|--------|---------|
| Grafton Group PLC | 9,449 | 93,736 |
| Mitsubishi Corp. | 18,200 | 378,822 |
| NOW, Inc. (I) | 2,100 | 76,041 |
| Rexel SA | 30,474 | 712,712 |
| SIG PLC | 56,935 | 183,731 |
| Yamazen Corp. | 9,100 | 68,970 |

See notes to financial statements

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| | Shares | Value |
|--|---------------|-------------------|
| Transportation Infrastructure 0.6% | | |
| Hamburger Hafen und Logistik AG | 6,567 | \$174,292 |
| Jiangsu Expressway Company, Ltd., H Shares | 1,266,000 | 1,506,372 |
| Information Technology 11.2% | | 30,385,879 |
| Communications Equipment 0.6% | | |
| Cisco Systems, Inc. | 61,258 | 1,522,261 |
| Electronic Equipment, Instruments & Components 0.7% | | |

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| | | |
|------------------------------------|---------|---------|
| Avnet, Inc. | 20,100 | 890,631 |
| Dai-ichi Seiko Company, Ltd. | 10,000 | 171,522 |
| Hosiden Corp. | 32,000 | 199,703 |
| Kingboard Laminates Holdings, Ltd. | 381,500 | 144,292 |
| Mitsumi Electric Company, Ltd. | 16,700 | 120,947 |
| Nichicon Corp. | 23,600 | 192,591 |
| Orbotech, Ltd. (I) | 12,365 | 187,701 |

Internet Software & Services 0.1%

| | | |
|----------------------|--------|---------|
| Dena Company, Ltd. | 14,600 | 197,551 |
| Dropbox, Inc. (I)(R) | 8,162 | 137,856 |

IT Services 0.9%

| | | |
|-----------------------------------|--------|---------|
| Alten SA | 4,181 | 198,654 |
| Booz Allen Hamilton Holding Corp. | 7,100 | 150,804 |
| Cap Gemini SA | 6,884 | 491,268 |
| Devoteam SA | 2,300 | 54,112 |
| Fujitsu, Ltd. | 78,000 | 584,442 |
| GFI Informatique SA | 4,975 | 47,043 |
| Groupe Steria SCA | 12,151 | 318,455 |
| Itochu Techno-Solutions Corp. | 6,000 | 260,815 |
| NET One Systems Company, Ltd. | 24,200 | 168,014 |
| Sopra Group SA | 1,049 | 114,927 |
| Zuken, Inc. | 6,900 | 68,994 |

Semiconductors & Semiconductor Equipment 5.4%

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| | | |
|---|---------|-----------|
| Analog Devices, Inc. | 22,400 | 1,211,168 |
| Avago Technologies, Ltd. | 5,600 | 403,592 |
| Dainippon Screen Manufacturing Company, Ltd. | 61,000 | 285,402 |
| Intel Corp. | 106,413 | 3,288,162 |
| Kontron AG (I) | 16,754 | 114,199 |
| Lam Research Corp. | 10,400 | 702,832 |
| Marvell Technology Group, Ltd. | 23,100 | 331,023 |
| Maxim Integrated Products, Inc. | 144,873 | 4,898,156 |
| Micronas Semiconductor Holding AG (I) | 19,174 | 168,537 |
| Mimasu Semiconductor Industry Company, Ltd. | 15,600 | 144,560 |
| Miraial Company, Ltd. | 9,500 | 172,536 |
| Rohm Company, Ltd. | 6,000 | 344,129 |
| Shinkawa, Ltd. | 17,400 | 84,179 |
| Shinko Electric Industries Company, Ltd. | 38,500 | 350,681 |
| Skyworks Solutions, Inc. | 17,400 | 817,104 |
| Taiwan Semiconductor Manufacturing Company, Ltd., ADR | 50,900 | 1,088,751 |
| Tokyo Seimitsu Company, Ltd. | 13,700 | 246,572 |

14 Hedged Equity & Income Fund | **Semiannual report**

See notes to financial statements

| | Shares | Value |
|---------------------------|---------------|--------------|
| Software 2.5% | | |
| Activision Blizzard, Inc. | 34,500 | \$769,350 |

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| | | |
|------------------------|---------|-----------|
| Alpha Systems, Inc. | 2,000 | 30,746 |
| DTS Corp. | 5,900 | 109,629 |
| Microsoft Corp. | 111,686 | 4,657,306 |
| Nintendo Company, Ltd. | 2,100 | 252,183 |
| NSD Company, Ltd. | 6,700 | 88,191 |
| Symantec Corp. | 40,777 | 933,793 |

Technology Hardware, Storage & Peripherals 1.0%

| | | |
|--|---------|-----------|
| Apple, Inc. | 2,100 | 195,153 |
| Canon, Inc. | 14,500 | 473,889 |
| Compal Electronics, Inc. | 305,000 | 249,653 |
| Japan Digital Laboratory Company, Ltd. | 8,200 | 144,968 |
| Melco Holdings, Inc. | 11,800 | 239,502 |
| SanDisk Corp. | 10,000 | 1,044,300 |
| Western Digital Corp. | 3,500 | 323,050 |

Materials 7.1% **19,334,485**

Chemicals 3.4%

| | | |
|-----------------------------------|--------|-----------|
| Akzo Nobel NV | 12,200 | 914,747 |
| Cabot Corp. | 7,000 | 405,930 |
| E.I. du Pont de Nemours & Company | 22,500 | 1,472,400 |
| Fujimi, Inc. | 12,000 | 168,442 |
| Hitachi Chemical Company, Ltd. | 19,100 | 316,225 |
| Israel Chemicals, Ltd. | 57,100 | 489,236 |
| JSR Corp. | 16,200 | 278,122 |

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| | | |
|--|---------|-----------|
| Methanex Corp. | 10,200 | 630,156 |
| Methanex Corp. | 16,600 | 1,026,289 |
| Mitsui Chemicals, Inc. | 105,000 | 287,292 |
| Nitto Denko Corp. | 6,400 | 299,785 |
| PTT Global Chemical PCL | 502,800 | 1,045,725 |
| Shin-Etsu Polymer Company, Ltd. | 27,200 | 133,766 |
| Sumitomo Bakelite Company, Ltd. | 64,000 | 254,084 |
| The Dow Chemical Company | 28,657 | 1,474,689 |
| Construction Materials 0.7% | | |
| Buzzi Unicem SpA | 14,616 | 245,772 |
| CRH PLC | 12,311 | 315,601 |
| Holcim, Ltd. (I) | 2,103 | 184,722 |
| Lafarge SA | 14,223 | 1,236,820 |
| Containers & Packaging 0.1% | | |
| AMVIG Holdings, Ltd. | 300,000 | 105,412 |
| Ball Corp. | 4,100 | 256,988 |
| Metals & Mining 1.5% | | |
| Aichi Steel Corp. | 6,000 | 23,946 |
| Anglo American PLC | 18,757 | 459,703 |
| Barrick Gold Corp. | 14,300 | 261,864 |
| BHP Billiton PLC | 26,804 | 871,371 |
| Centerra Gold, Inc. | 35,800 | 225,794 |

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Chubu Steel Plate Company, Ltd. 10,900 48,351

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 15

| | Shares | Value |
|--|---------------|------------------|
| Metals & Mining (continued) | | |
| Eldorado Gold Corp. | 34,701 | \$265,116 |
| Impala Platinum Holdings, Ltd. | 30,489 | 307,306 |
| Kinross Gold Corp. (I) | 73,587 | 304,650 |
| Lonmin PLC (I) | 71,391 | 289,809 |
| Maruichi Steel Tube, Ltd. | 3,600 | 96,688 |
| Neturen Company, Ltd. | 6,500 | 49,640 |
| Northern Dynasty Minerals, Ltd. (I) | 16,500 | 13,762 |
| Resolute Mining, Ltd. (I) | 219,656 | 129,572 |
| Salzgitter AG | 7,060 | 297,786 |
| Tokyo Steel Manufacturing Company, Ltd. | 9,100 | 47,642 |
| Yamato Kogyo Company, Ltd. | 7,700 | 226,039 |
| Yodogawa Steel Works, Ltd. | 12,000 | 53,278 |
| Paper & Forest Products 1.4% | | |
| International Paper Company | 66,500 | 3,356,255 |
| Norbord, Inc. | 18,900 | 463,710 |
| Telecommunication Services 3.4% | | 9,352,204 |
| Diversified Telecommunication Services 3.0% | | |
| KT Corp. | 10,132 | 305,813 |

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| | | |
|---|---------|------------------|
| Magyar Telekom Telecommunications PLC (I) | 113,104 | 171,505 |
| Nippon Telegraph & Telephone Corp. | 43,900 | 2,736,192 |
| Orange SA | 22,990 | 363,755 |
| Telefonica SA | 28,810 | 494,606 |
| Telenor ASA | 69,268 | 1,577,125 |
| Verizon Communications, Inc. | 54,511 | 2,667,032 |
| Wireless Telecommunication Services 0.4% | | |
| NTT DOCOMO, Inc. | 17,900 | 305,567 |
| Vodafone Group PLC | 218,596 | 730,609 |
| Utilities 3.1% | | 8,461,289 |
| Electric Utilities 1.1% | | |
| Edison International | 15,300 | 889,083 |
| NRG Yield, Inc., Class A | 10,800 | 562,140 |
| The Southern Company | 10,700 | 485,566 |
| Xcel Energy, Inc. | 34,000 | 1,095,820 |
| Gas Utilities 0.8% | | |
| Snam SpA | 22,807 | 137,365 |
| UGI Corp. | 43,072 | 2,175,136 |
| Independent Power and Renewable Electricity Producers 0.3% | | |
| NTPC, Ltd. | 58,354 | 151,262 |
| Pattern Energy Group, Inc. | 18,700 | 619,157 |
| Multi-Utilities 0.9% | | |

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| | | |
|-------------------|--------|---------|
| E.ON SE | 12,828 | 264,456 |
| GDF Suez | 19,680 | 542,215 |
| National Grid PLC | 58,075 | 836,094 |
| PG&E Corp. | 7,700 | 369,754 |
| RWE AG | 7,770 | 333,241 |

16 Hedged Equity & Income Fund | **Semiannual report**

See notes to financial statements

| | | | Shares | Value |
|---|-----------------|----------------------|------------------------------|------------------|
| Preferred Securities 0.1% | | | | |
| <hr/> | | | | |
| (Cost \$168,846) | | | | |
| | | | | 206,147 |
| Consumer Discretionary 0.1% | | | | |
| <hr/> | | | | |
| Auto Components 0.1% | | | | |
| <hr/> | | | | |
| Mobileye (I)(R) | | | 4,838 | 206,147 |
| | Rate (%) | Maturity date | Par value[^] | Value |
| Corporate Bonds 13.3% | | | | |
| <hr/> | | | | |
| (Cost \$35,227,482) | | | | |
| | | | | 6,571,701 |
| Consumer Discretionary 2.4% | | | | |
| <hr/> | | | | |
| Automobiles 0.1% | | | | |
| <hr/> | | | | |
| Chrysler Group LLC | 8.250 | 06-15-21 | 230,000 | 259,900 |
| <hr/> | | | | |
| General Motors Company (S) | 4.875 | 10-02-23 | 115,000 | 121,038 |
| <hr/> | | | | |
| Diversified Consumer Services 0.2% | | | | |
| <hr/> | | | | |
| Service Corp. International | 7.625 | 10-01-18 | 125,000 | 146,563 |
| <hr/> | | | | |

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| | | | | |
|---|-------|----------|-------------|---------|
| The ServiceMaster Company | 7.000 | 08-15-20 | 310,000 | 329,763 |
| Hotels, Restaurants & Leisure 0.3% | | | | |
| CEC Entertainment, Inc. (S) | 8.000 | 02-15-22 | 200,000 | 207,000 |
| NH Hoteles SA (S) | 6.875 | 11-15-19 | EUR 235,000 | 352,709 |
| PC Nextco Holdings LLC, PIK (S) | 8.750 | 08-15-19 | 150,000 | 153,188 |
| Household Durables 0.2% | | | | |
| K Hovnanian Enterprises, Inc. (S) | 7.000 | 01-15-19 | 25,000 | 25,500 |
| K Hovnanian Enterprises, Inc. (S) | 9.125 | 11-15-20 | 125,000 | 139,375 |
| KB Home | 7.000 | 12-15-21 | 375,000 | 408,750 |
| Lennar Corp. | 4.750 | 11-15-22 | 125,000 | 124,375 |
| Leisure Products 0.1% | | | | |
| Carlson Wagonlit BV | 7.500 | 06-15-19 | EUR 200,000 | 298,234 |
| Media 1.4% | | | | |
| AMC Entertainment, Inc. | 9.750 | 12-01-20 | 185,000 | 210,900 |
| CCO Holdings LLC | 5.125 | 02-15-23 | 5,000 | 5,025 |
| CCO Holdings LLC | 5.250 | 09-30-22 | 5,000 | 5,081 |
| CCO Holdings LLC | 5.750 | 09-01-23 | 35,000 | 36,269 |
| CCO Holdings LLC | 7.375 | 06-01-20 | 255,000 | 277,950 |
| DISH DBS Corp. | 6.750 | 06-01-21 | 170,000 | 193,800 |
| DISH DBS Corp. | 7.875 | 09-01-19 | 440,000 | 522,500 |
| Gannett Company, Inc. (S) | 5.125 | 10-15-19 | 380,000 | 393,300 |
| Getty Images, Inc. (S) | 7.000 | 10-15-20 | 230,000 | 210,738 |
| Gray Television, Inc. | 7.500 | 10-01-20 | 280,000 | 301,700 |

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| | | | | |
|-------------------------------------|-------|----------|-------------|---------|
| Harron Communications LP (S) | 9.125 | 04-01-20 | 90,000 | 100,350 |
| Nara Cable Funding, Ltd. | 8.875 | 12-01-18 | EUR 280,000 | 409,292 |
| Sirius XM Radio, Inc. (S) | 4.250 | 05-15-20 | 100,000 | 98,625 |
| TVN Finance Corp. III AB | 7.375 | 12-15-20 | EUR 130,000 | 201,150 |
| Unitymedia Hessen GmbH & Company KG | 5.500 | 09-15-22 | EUR 360,000 | 532,384 |
| Unitymedia Hessen GmbH & Company KG | 5.750 | 01-15-23 | EUR 125,000 | 186,567 |

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 17

| | Rate (%) | Maturity date | Par value^ | Value |
|---|----------|---------------|------------|------------------|
| Specialty Retail 0.1% | | | | |
| GRD Holdings III Corp. (S) | 10.750 | 06-01-19 | 185,000 | \$207,200 |
| Michaels Stores, Inc. (S) | 5.875 | 12-15-20 | 110,000 | 112,475 |
| Consumer Staples 0.3% | | | | \$759,375 |
| Food & Staples Retailing 0.1% | | | | |
| Aramark Services, Inc. | 5.750 | 03-15-20 | 280,000 | 296,100 |
| Household Products 0.1% | | | | |
| The Sun Products Corp. (S) | 7.750 | 03-15-21 | 145,000 | 126,150 |
| Personal Products 0.1% | | | | |
| Hypermarcas SA | 6.500 | 04-20-21 | 310,000 | 337,125 |
| Energy 1.0% | | | | 2,755,060 |
| Energy Equipment & Services 0.1% | | | | |
| Seadrill, Ltd. (S) | 6.125 | 09-15-17 | 200,000 | 210,500 |

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Oil, Gas & Consumable Fuels 0.9%

| | | | | |
|--------------------------------|-------|----------|---------|---------|
| Antero Resources Finance Corp. | 6.000 | 12-01-20 | 300,000 | 321,750 |
| Bonanza Creek Energy, Inc. | 6.750 | 04-15-21 | 100,000 | 107,000 |
| Borets Finance, Ltd. | 7.625 | 09-26-18 | 200,000 | 201,000 |
| Cimarex Energy Company | 4.375 | 06-01-24 | 25,000 | 25,500 |
| Concho Resources, Inc. | 5.500 | 10-01-22 | 70,000 | 75,338 |
| Diamondback Energy, Inc. (S) | 7.625 | 10-01-21 | 120,000 | 132,000 |
| El Paso LLC | 7.250 | 06-01-18 | 305,000 | 347,319 |
| EP Energy LLC | 9.375 | 05-01-20 | 180,000 | 206,100 |
| Petroleos de Venezuela SA | 8.500 | 11-02-17 | 5,000 | 4,632 |
| Petroleos de Venezuela SA | 9.000 | 11-17-21 | 90,000 | 76,491 |
| Range Resources Corp. | 5.000 | 08-15-22 | 35,000 | 37,100 |
| Rosetta Resources, Inc. | 5.625 | 05-01-21 | 320,000 | 329,200 |
| Rosetta Resources, Inc. | 5.875 | 06-01-22 | 70,000 | 73,150 |
| Seventy Seven Energy, Inc. (S) | 6.500 | 07-15-22 | 35,000 | 35,875 |
| Tullow Oil PLC (S) | 6.250 | 04-15-22 | 350,000 | 363,125 |
| YPF SA | 8.750 | 04-04-24 | 100,000 | 104,490 |
| YPF SA (S) | 8.750 | 04-04-24 | 100,000 | 104,490 |

Financials 2.0%

5,488,769

Banks 1.2%

| | | | | |
|---|-------|----------|-------------|---------|
| Banco Bilbao Vizcaya Argentaria SA (7.000% to 2-19-19, then 5 year Euro Swap Rate + 6.155%) (Q) | 7.000 | 02-19-19 | EUR 400,000 | 579,214 |
|---|-------|----------|-------------|---------|

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| | | | | |
|---|--------|----------|-------------|---------|
| Banco Espirito Santo SA | 5.875 | 11-09-15 | EUR 100,000 | 138,474 |
| Banco Santander SA (6.250% to 3-12-19, then 5 year Euro Swap Rate + 5.410%) (Q) | 6.250 | 03-12-19 | EUR 100,000 | 141,028 |
| Bank of Ireland | 10.000 | 07-30-16 | EUR 140,000 | 212,789 |
| Barclays PLC (6.500% to 9-15-19, then 5 year Euro Swap Rate + 5.875%) (Q) | 6.500 | 09-15-19 | EUR 200,000 | 275,914 |
| Barclays PLC (8.250% to 12-15-18, then 5 year U.S. Swap Rate + 6.705%) (Q) | 8.250 | 12-15-18 | 200,000 | 212,000 |
| BPCE SA (6.117% to 10-30-17, then 3 month EURIBOR + 2.370%) (Q) | 6.117 | 10-30-17 | EUR 50,000 | 75,996 |
| Intesa Sanpaolo SpA (8.375% to 10-14-19, then 3 month EURIBOR + 6.871%) (Q) | 8.375 | 10-14-19 | EUR 100,000 | 163,914 |

18 Hedged Equity & Income Fund | **Semiannual report**

See notes to financial statements

| | Rate (%) | Maturity date | Par value [^] | Value |
|---|----------|---------------|------------------------|-----------|
| Banks (continued) | | | | |
| Lloyds Banking Group PLC (6.375% to 6-27-20, then 5 year Euro Swap Rate + 5.290%) (Q) | 6.375 | 06-27-20 | EUR 200,000 | \$291,250 |
| Royal Bank of Scotland Group PLC (7.640% to 9-30-17, then 3 month LIBOR + 2.320%) (Q) | 7.640 | 09-30-17 | 300,000 | 319,500 |
| Royal Bank of Scotland PLC | 4.350 | 01-23-17 | EUR 100,000 | 144,290 |
| Societe Generale SA (6.750% to 4-7-21, then 5 year U.S. Swap Rate + 5.538%) (Q) | 6.750 | 04-07-21 | EUR 150,000 | 215,665 |
| Societe Generale SA (8.250% to 11-29-18, then 5 year U.S. Swap Rate + 6.394%) (Q) | 8.250 | 11-29-18 | 470,000 | 511,313 |

Capital Markets 0.1%

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| | | | | |
|---|-------|----------|---------|---------|
| Credit Suisse Group AG (7.500% to 12-11-23, then 5 year U.S. Swap Rate + 4.598%) (Q)(S) | 7.500 | 12-11-23 | 200,000 | 221,380 |
|---|-------|----------|---------|---------|

Diversified Financial Services 0.5%

| | | | | |
|----------------------------|-------|----------|-------------|---------|
| Kerneos Tech Group SAS (S) | 5.750 | 03-01-21 | EUR 145,000 | 206,490 |
|----------------------------|-------|----------|-------------|---------|

| | | | | |
|-------------------------|-------|----------|---------|---------|
| Nationstar Mortgage LLC | 6.500 | 08-01-18 | 400,000 | 411,000 |
|-------------------------|-------|----------|---------|---------|

| | | | | |
|------------------------------|-------|----------|---------|---------|
| Nuveen Investments, Inc. (S) | 9.125 | 10-15-17 | 140,000 | 151,725 |
|------------------------------|-------|----------|---------|---------|

| | | | | |
|-------------------------------------|-------|----------|---------|---------|
| Provident Funding Associates LP (S) | 6.750 | 06-15-21 | 410,000 | 415,125 |
|-------------------------------------|-------|----------|---------|---------|

| | | | | |
|---------------------|-------|----------|---------|---------|
| TMX Finance LLC (S) | 8.500 | 09-15-18 | 290,000 | 307,400 |
|---------------------|-------|----------|---------|---------|

Insurance 0.2%

| | | | | |
|---|-------|----------|---------|---------|
| Hartford Financial Services Group, Inc. (8.125% to 6-15-18, then 3 month LIBOR + 4.6025%) | 8.125 | 06-15-38 | 240,000 | 283,800 |
|---|-------|----------|---------|---------|

| | | | | |
|---|-------|----------|-------------|---------|
| Nationwide Building Society (6.875% to 6-20-19, then 5 year British Pound Swap Rate + 4.880%) (Q) | 6.875 | 06-20-19 | GBP 120,000 | 210,502 |
|---|-------|----------|-------------|---------|

Health Care 1.4% **3,812,155**

Health Care Equipment & Supplies 0.3%

| | | | | |
|-------------|-------|----------|---------|---------|
| Alere, Inc. | 6.500 | 06-15-20 | 190,000 | 199,500 |
|-------------|-------|----------|---------|---------|

| | | | | |
|--------------|-------|----------|---------|---------|
| Biomet, Inc. | 6.500 | 08-01-20 | 120,000 | 129,300 |
|--------------|-------|----------|---------|---------|

| | | | | |
|-------------|-------|----------|-------------|---------|
| Ontex IV SA | 9.000 | 04-15-19 | EUR 320,000 | 473,230 |
|-------------|-------|----------|-------------|---------|

Health Care Providers & Services 0.9%

| | | | | |
|------------------------------------|-------|----------|---------|---------|
| Community Health Systems, Inc. (S) | 6.875 | 02-01-22 | 470,000 | 498,200 |
|------------------------------------|-------|----------|---------|---------|

| | | | | |
|--------------------------------|-------|----------|---------|---------|
| Community Health Systems, Inc. | 7.125 | 07-15-20 | 275,000 | 298,719 |
|--------------------------------|-------|----------|---------|---------|

| | | | | |
|-------------------------------|-------|----------|--------|--------|
| Envision Healthcare Corp. (S) | 5.125 | 07-01-22 | 85,000 | 85,744 |
|-------------------------------|-------|----------|--------|--------|

| | | | | |
|--------------------|-------|----------|---------|---------|
| HCA Holdings, Inc. | 6.250 | 02-15-21 | 370,000 | 397,288 |
|--------------------|-------|----------|---------|---------|

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| | | | | |
|----------------------------------|-------|----------|---------|---------|
| HCA, Inc. | 6.500 | 02-15-20 | 360,000 | 405,000 |
| MPH Acquisition Holdings LLC (S) | 6.625 | 04-01-22 | 140,000 | 146,650 |
| Tenet Healthcare Corp. (S) | 5.000 | 03-01-19 | 195,000 | 197,681 |
| Tenet Healthcare Corp. | 8.125 | 04-01-22 | 275,000 | 318,313 |
| WellCare Health Plans, Inc. | 5.750 | 11-15-20 | 95,000 | 101,175 |

Health Care Technology 0.1%

| | | | | |
|------------|-------|----------|-------------|---------|
| Cegedim SA | 6.750 | 04-01-20 | EUR 100,000 | 149,155 |
|------------|-------|----------|-------------|---------|

Pharmaceuticals 0.1%

| | | | | |
|---------------------------------|-------|----------|---------|---------|
| Pinnacle Merger Sub, Inc. (S) | 9.500 | 10-01-23 | 120,000 | 133,350 |
| Salix Pharmaceuticals, Ltd. (S) | 6.000 | 01-15-21 | 260,000 | 278,850 |

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 19

| | Rate (%) | Maturity date | Par value [^] | Value |
|--|----------|---------------|------------------------|--------------------|
| Industrials 1.2% | | | | \$3,208,791 |
| Building Products 0.2% | | | | |
| Associated Materials LLC | 9.125 | 11-01-17 | 175,000 | 181,563 |
| Ply Gem Industries, Inc. (S) | 6.500 | 02-01-22 | 330,000 | 318,450 |
| Commercial Services & Supplies 0.1% | | | | |
| Casella Waste Systems, Inc. | 7.750 | 02-15-19 | 110,000 | 114,950 |
| Quad/Graphics, Inc. (S) | 7.000 | 05-01-22 | 190,000 | 190,000 |
| Construction & Engineering 0.2% | | | | |
| Abengoa Finance SAU (S) | 7.750 | 02-01-20 | 400,000 | 445,500 |

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| | | | | |
|--|-------|----------|-------------|------------------|
| Aguila 3 SA (S) | 7.875 | 01-31-18 | 185,000 | 195,175 |
| Electrical Equipment 0.2% | | | | |
| CeramTec Group GmbH | 8.250 | 08-15-21 | EUR 275,000 | 415,155 |
| Industrial Conglomerates 0.1% | | | | |
| Tenedora Nemak SA de CV | 5.500 | 02-28-23 | 200,000 | \$203,500 |
| Machinery 0.1% | | | | |
| Case New Holland Industrial, Inc. | 7.875 | 12-01-17 | 240,000 | 279,600 |
| Trading Companies & Distributors 0.3% | | | | |
| International Lease Finance Corp. | 6.250 | 05-15-19 | 620,000 | 694,400 |
| Matalan Finance PLC (S) | 6.875 | 06-01-19 | GBP 100,000 | 170,498 |
| Information Technology 1.5% | | | | 3,944,682 |
| Communications Equipment 0.2% | | | | |
| Alcatel-Lucent USA, Inc. | 6.450 | 03-15-29 | 200,000 | 198,000 |
| Alcatel-Lucent USA, Inc. (S) | 6.750 | 11-15-20 | 200,000 | 213,000 |
| Altice Finco SA (S) | 9.000 | 06-15-23 | EUR 100,000 | 158,702 |
| Electronic Equipment, Instruments & Components 0.1% | | | | |
| CDW LLC | 8.500 | 04-01-19 | 95,000 | 102,838 |
| Semiconductors & Semiconductor Equipment 0.3% | | | | |
| Entegris, Inc. (S) | 6.000 | 04-01-22 | 210,000 | 216,300 |
| Freescale Semiconductor, Inc. (S) | 6.000 | 01-15-22 | 465,000 | 495,225 |
| Freescale Semiconductor, Inc. | 8.050 | 02-01-20 | 46,000 | 49,680 |
| Software 0.9% | | | | |
| Activision Blizzard, Inc. (S) | 5.625 | 09-15-21 | 470,000 | 506,425 |

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| | | | | |
|------------------------------------|--------|----------|-------------|------------------|
| Audatex North America, Inc. (S) | 6.000 | 06-15-21 | 116,000 | 123,830 |
| Emdeon, Inc. | 11.000 | 12-31-19 | 75,000 | 86,250 |
| First Data Corp. (S) | 7.375 | 06-15-19 | 185,000 | 198,644 |
| First Data Corp. (S) | 8.250 | 01-15-21 | 365,000 | 399,675 |
| First Data Holdings, Inc., PIK (S) | 14.500 | 09-24-19 | 284,793 | 316,476 |
| Infor Software Parent LLC, PIK (S) | 7.125 | 05-01-21 | 290,000 | 296,525 |
| Infor US, Inc. | 10.000 | 04-01-19 | EUR 200,000 | 309,462 |
| SunGard Data Systems, Inc. | 6.625 | 11-01-19 | 260,000 | 273,650 |
| Materials 1.1% | | | | 3,095,484 |

Chemicals 0.3%

| | | | | |
|-------------------------|-------|----------|-------------|---------|
| Hexion US Finance Corp. | 6.625 | 04-15-20 | 50,000 | 53,000 |
| Ineos Finance PLC (S) | 7.500 | 05-01-20 | 75,000 | 81,656 |
| INEOS Group Holdings SA | 6.500 | 08-15-18 | EUR 410,000 | 585,273 |

20 Hedged Equity & Income Fund | **Semiannual report**

See notes to financial statements

| | Rate (%) | Maturity date | Par value[^] | Value |
|---|-----------------|----------------------|------------------------------|--------------|
| Construction Materials 0.3% | | | | |
| Cemex SAB de CV | 5.875 | 03-25-19 | 550,000 | \$574,750 |
| HeidelbergCement Finance SA | 8.500 | 10-31-19 | EUR 115,000 | 204,468 |
| Containers & Packaging 0.2% | | | | |
| Ardagh Packaging Finance PLC | 9.250 | 10-15-20 | EUR 200,000 | 298,507 |
| BOE Intermediate Holding Corp., PIK (S) | 9.000 | 11-01-17 | 214,993 | 225,474 |

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Metals & Mining 0.2%

| | | | | |
|---------------------------|-------|----------|---------|---------|
| AK Steel Corp. | 7.625 | 05-15-20 | 230,000 | 236,900 |
| AK Steel Corp. | 8.375 | 04-01-22 | 95,000 | 100,700 |
| AuRico Gold, Inc. (S) | 7.750 | 04-01-20 | 75,000 | 74,250 |
| United States Steel Corp. | 7.375 | 04-01-20 | 205,000 | 226,013 |

Paper & Forest Products 0.1%

| | | | | |
|----------------------------|-------|----------|-------------|---------|
| Smurfit Kappa Acquisitions | 4.125 | 01-30-20 | EUR 300,000 | 434,493 |
|----------------------------|-------|----------|-------------|---------|

Telecommunication Services 2.0%

5,334,420

Diversified Telecommunication Services 1.1%

| | | | | |
|---------------------------------|-------|----------|-------------|---------|
| Altice Financing SA (S) | 6.500 | 01-15-22 | EUR 100,000 | 146,241 |
| Intelsat Jackson Holdings SA | 6.625 | 12-15-22 | 80,000 | 83,500 |
| Intelsat Jackson Holdings SA | 7.250 | 04-01-19 | 195,000 | 207,431 |
| Intelsat Jackson Holdings SA | 7.250 | 10-15-20 | 180,000 | 193,950 |
| Intelsat Luxembourg SA | 7.750 | 06-01-21 | 255,000 | 269,981 |
| Level 3 Financing, Inc. (S) | 6.125 | 01-15-21 | 200,000 | 214,250 |
| Level 3 Financing, Inc. | 8.625 | 07-15-20 | 165,000 | 184,800 |
| T-Mobile USA, Inc. | 6.464 | 04-28-19 | 135,000 | 142,088 |
| T-Mobile USA, Inc. | 6.731 | 04-28-22 | 220,000 | 237,325 |
| UPCB Finance III, Ltd. | 6.625 | 07-01-20 | 325,000 | 346,125 |
| Wind Acquisition Finance SA (S) | 4.250 | 07-01-20 | EUR 310,000 | 424,483 |
| Wind Acquisition Finance SA | 7.375 | 02-15-18 | EUR 220,000 | 317,815 |
| Windstream Corp. | 7.750 | 10-15-20 | 90,000 | 97,538 |

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| | | | | |
|------------------|-------|----------|---------|---------|
| Windstream Corp. | 7.875 | 11-01-17 | 165,000 | 189,956 |
|------------------|-------|----------|---------|---------|

Wireless Telecommunication Services 0.9%

| | | | | |
|---------------------------------|-------|----------|---------|---------|
| MetroPCS Wireless, Inc. | 6.625 | 11-15-20 | 375,000 | 400,313 |
| SoftBank Corp. (S) | 4.500 | 04-15-20 | 400,000 | 406,500 |
| Sprint Communications, Inc. (S) | 9.000 | 11-15-18 | 100,000 | 121,250 |
| Sprint Corp. (S) | 7.250 | 09-15-21 | 580,000 | 639,450 |
| Sprint Corp. (S) | 7.875 | 09-15-23 | 180,000 | 200,250 |
| Syniverse Holdings, Inc. | 9.125 | 01-15-19 | 75,000 | 80,344 |
| VimpelCom Holdings BV | 5.200 | 02-13-19 | 220,000 | 220,330 |
| VimpelCom Holdings BV | 6.255 | 03-01-17 | 200,000 | 210,500 |

Utilities 0.4% **1,165,668**

Electric Utilities 0.4%

| | | | | |
|-----------------------------|-------|----------|-------------|---------|
| DPL, Inc. | 7.250 | 10-15-21 | 295,000 | 325,975 |
| Israel Electric Corp., Ltd. | 7.250 | 01-15-19 | 330,000 | 374,963 |
| Techem GmbH | 6.125 | 10-01-19 | EUR 200,000 | 295,780 |

Gas Utilities 0.0%

| | | | | |
|----------------------|-------|----------|---------|---------|
| AmeriGas Finance LLC | 6.750 | 05-20-20 | 100,000 | 108,500 |
|----------------------|-------|----------|---------|---------|

Independent Power and Renewable Electricity Producers 0.0%

| | | | | |
|--------------|-------|----------|--------|--------|
| Dynegy, Inc. | 5.875 | 06-01-23 | 60,000 | 60,450 |
|--------------|-------|----------|--------|--------|

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 21

| Rate (%) | Maturity date | Par value [^] | Value |
|----------|---------------|------------------------|-------|
|----------|---------------|------------------------|-------|

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| | | | | |
|---|-------|----------|---------|------------------|
| Foreign Government Obligations 0.0% | | | | \$105,363 |
| <hr/> | | | | |
| (Cost \$94,967) | | | | |
| Argentina 0.0% | | | | 105,363 |
| Republic of Argentina | 8.280 | 12-31-33 | 126,183 | 105,363 |
| Convertible Bonds 0.2% | | | | \$486,458 |
| <hr/> | | | | |
| (Cost \$487,107) | | | | |
| Consumer Discretionary 0.0% | | | | 43,625 |
| <hr/> | | | | |
| Household Durables 0.0% | | | | |
| M/I Homes, Inc. | 3.000 | 03-01-18 | 40,000 | 43,625 |
| Energy 0.1% | | | | 119,925 |
| <hr/> | | | | |
| Oil, Gas & Consumable Fuels 0.1% | | | | |
| Cobalt International Energy, Inc. | 2.625 | 12-01-19 | 130,000 | 119,925 |
| Health Care 0.0% | | | | 78,970 |
| <hr/> | | | | |
| Biotechnology 0.0% | | | | |
| Cubist Pharmaceuticals, Inc. (S) | 1.875 | 09-01-20 | 50,000 | 57,000 |
| Exelixis, Inc. | 4.250 | 08-15-19 | 26,000 | 21,970 |
| Information Technology 0.0% | | | | 92,250 |
| <hr/> | | | | |
| Software 0.0% | | | | |
| Verint Systems, Inc. | 1.500 | 06-01-21 | 90,000 | 92,250 |
| Materials 0.1% | | | | 151,688 |
| <hr/> | | | | |
| Construction Materials 0.1% | | | | |
| Cemex SAB de CV | 3.750 | 03-15-18 | 100,000 | 151,688 |

Term Loans (M) 0.8% **\$2,192,697**

(Cost \$2,156,082)

Consumer Discretionary 0.2% **557,058**

Media 0.1%

| | | | | |
|-----------------|-------|----------|---------|---------|
| Tribune Company | 4.000 | 12-27-20 | 199,000 | 199,100 |
|-----------------|-------|----------|---------|---------|

Multiline Retail 0.1%

| | | | | |
|------------------|-------|----------|---------|---------|
| Lands' End, Inc. | 4.250 | 04-02-21 | 110,000 | 109,759 |
|------------------|-------|----------|---------|---------|

| | | | | |
|-------------------------------|-------|----------|---------|---------|
| Neiman Marcus Group, Ltd. LLC | 4.250 | 10-26-20 | 248,752 | 248,199 |
|-------------------------------|-------|----------|---------|---------|

Energy 0.1% **292,514**

Oil, Gas & Consumable Fuels 0.1%

| | | | | |
|-----------------|-------|----------|---------|---------|
| Arch Coal, Inc. | 6.250 | 05-16-18 | 298,104 | 292,514 |
|-----------------|-------|----------|---------|---------|

Financials 0.1% **407,702**

Insurance 0.1%

| | | | | |
|-------------|-------|----------|---------|---------|
| Asurion LLC | 4.250 | 07-08-20 | 407,994 | 407,702 |
|-------------|-------|----------|---------|---------|

Industrials 0.2% **518,689**

Construction & Engineering 0.1%

| | | | | |
|------------------|-------|----------|---------|---------|
| RBS Global, Inc. | 4.000 | 08-21-20 | 198,500 | 198,197 |
|------------------|-------|----------|---------|---------|

Machinery 0.1%

| | | | | |
|-----------------------------|-------|----------|---------|---------|
| Crosby US Acquisition Corp. | 3.196 | 11-23-20 | 184,075 | 183,461 |
|-----------------------------|-------|----------|---------|---------|

| | | | | |
|----------------------|-------|----------|------------|---------|
| Gardner Denver, Inc. | 4.750 | 07-30-20 | EUR 99,499 | 137,031 |
|----------------------|-------|----------|------------|---------|

| | Rate (%) | Maturity date | Par value [^] | Value |
|---|----------|------------------|------------------------|----------------------|
| Utilities 0.2% | | | | \$416,734 |
| Electric Utilities 0.2% | | | | |
| <hr/> | | | | |
| Texas Competitive Electric Holdings Company LLC | 4.651 | 10-10-17 | 505,132 | 416,734 |
| | | | Par value | Value |
| Short-Term Investments 1.8% | | | | \$4,800,000 |
| <hr/> | | | | |
| (Cost \$4,800,000) | | | | |
| Repurchase Agreement 1.8% | | | | 4,800,000 |
| Goldman Sachs Tri-Party Repurchase Agreement dated 6-30-14 | | | | |
| at 0.100% to be repurchased at \$4,800,013 on 7-1-14, | | | | |
| collateralized by \$1,934,025 Federal Home Loan Mortgage Corp., | | | | |
| 2.503—5.450% due 5-1-38 to 7-1-43 (valued at \$2,050,098, | | | | |
| including interest) and \$2,577,843 Federal National | | | | |
| Mortgage | | | | |
| Association, 3.500%—5.000% due 11-1-27 to 1-1-42 (valued at | | | | |
| \$2,845,903, including interest) | | | | |
| | | | \$4,800,000 | 4,800,000 |
| Total investments (Cost \$242,869,904)†99.1% | | | | \$269,006,615 |
| <hr/> | | | | |
| Other assets and liabilities, net 0.9% | | | | \$2,532,065 |
| <hr/> | | | | |
| Total net assets 100.0% | | | | \$271,538,680 |
| <hr/> | | | | |

The percentage shown for each investment category is the total value of that category as a percentage of the net assets of the fund.

[^] All par values are denominated in U.S. dollars unless otherwise indicated.

Currency Abbreviations

EUR — Euro

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GBP — Pound Sterling

ADR American Depositary Receipts

EURIBOR Euro Interbank Offered Rate

LIBOR London Interbank Offered Rate

PIK Paid-in-kind

(I) Non-income producing security.

(M) Term loans are variable rate obligations. The coupon rate shown represents the rate at period end.

(Q) Perpetual bonds have no stated maturity date. Date shown as maturity date is next call date.

(R) Direct placement securities are restricted as to resale, and the fund has limited rights to registration under the Securities Act of 1933. Holdings in direct placement securities as of 6-30-14 were as follows:

| Issuer, Description | Acquisition date | Acquisition cost | Beginning share amount | Ending share amount | Value as a percentage of fund's net assets | Value as of 6-30-14 |
|-----------------------|------------------|------------------|------------------------|---------------------|--|---------------------|
| Allstar Co-Invest LLC | 8-1-11 | \$240,553 | 236,300 | 236,300 | 0.09% | \$257,567 |
| Dropbox, Inc. | 5-1-12 | \$77,258 | 8,162 | 8,162 | 0.05% | \$137,856 |
| Mobileye | 8-13-13 | \$168,846 | 4,838 | 4,838 | 0.08% | \$206,147 |
| | | \$486,657 | | | | \$601,570 |

(S) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration.

† At 6-30-14, the aggregate cost of investment securities for federal income tax purposes was \$243,431,234. Net unrealized appreciation aggregated \$25,575,381, of which \$29,191,229 related to appreciated investment securities and \$3,615,848 related to depreciated investment securities.

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 23

Notes to Schedule of Investments

The fund had the following country concentration as a percentage of net assets on 6-30-14:

| | |
|----------------|-------|
| United States | 52.4% |
| Japan | 9.4% |
| United Kingdom | 7.8% |
| France | 5.3% |
| Switzerland | 4.3% |
| Canada | 2.8% |
| Germany | 2.7% |
| Netherlands | 2.6% |
| Spain | 2.2% |
| Ireland | 1.4% |

| | |
|-----------------|--------|
| Other Countries | 9.1% |
| | <hr/> |
| Total | 100.0% |

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See notes to financial statements

FINANCIAL STATEMENTS

Financial statements

Statement of assets and liabilities 6-30-14 (unaudited)

This Statement of assets and liabilities is the fund's balance sheet. It shows the value of what the fund owns, is due and owes. You'll also find the net asset value for each common share.

Assets

| | |
|--|--------------------|
| Investments, at value (Cost \$242,869,904) | \$269,006,615 |
| Cash | 88,119 |
| Foreign currency, at value (Cost \$130,864) | 130,874 |
| Cash held at broker for futures contracts | 2,069,513 |
| Receivable for investments sold | 2,380,211 |
| Receivable for forward foreign currency exchange contracts | 11,811 |
| Dividends and interest receivable | 1,176,364 |
| Other receivables and prepaid expenses | 13,492 |
| Total assets | 274,876,999 |

Liabilities

| | |
|---|------------------|
| Payable for investments purchased | 3,176,228 |
| Payable for forward foreign currency exchange contracts | 51,596 |
| Payable for futures variation margin | 8,700 |
| Foreign capital gains tax payable | 28,911 |
| Payable to affiliates | |
| Accounting and legal services fees | 1,002 |
| Other liabilities and accrued expenses | 71,882 |
| Total liabilities | 3,338,319 |

| | |
|-------------------|----------------------|
| Net assets | \$271,538,680 |
|-------------------|----------------------|

Net assets consist of

| | |
|--|---------------|
| Paid-in capital | \$237,672,822 |
| Accumulated distributions in excess of net investment income | (6,646,431) |

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| | |
|---|----------------------|
| Accumulated net realized gain (loss) on investments, futures contracts, written options and foreign currency transactions | 15,181,595 |
| Net unrealized appreciation (depreciation) on investments, futures contracts, written options and translation of assets and liabilities in foreign currencies | 25,330,694 |
| Net assets | \$271,538,680 |

Net asset value per share

| | |
|---|---------|
| Based on 13,637,509 shares of beneficial interest outstanding — unlimited number of shares authorized with \$0.01 par value | \$19.91 |
|---|---------|

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 25

FINANCIAL STATEMENTS

Statement of operations For the six-month period ended 6-30-14 (unaudited)

This Statement of operations summarizes the fund's investment income earned and expenses incurred in operating the fund. It also shows net gains (losses) for the period stated.

Investment income

| | |
|--------------------------------|------------------|
| Dividends | \$4,779,685 |
| Interest | 1,157,373 |
| Less foreign taxes withheld | (238,839) |
| Total investment income | 5,698,219 |

Expenses

| | |
|------------------------------------|------------------|
| Investment management fees | 1,331,729 |
| Accounting and legal services fees | 21,991 |
| Transfer agent fees | 10,265 |
| Trustees' fees | 22,010 |
| Printing and postage | 32,084 |
| Professional fees | 62,738 |
| Custodian fees | 76,069 |
| Stock exchange listing fees | 9,421 |
| Other | 11,951 |
| Total expenses | 1,578,258 |
| Net investment income | 4,119,961 |

Realized and unrealized gain (loss)

| | |
|---|---------------------|
| Net realized gain (loss) on | |
| Investments and foreign currency transactions | 8,390,8171 |
| Futures contracts | (3,665,852) |
| Written options | (2,333,153) |
| | 2,391,812 |
| Change in net unrealized appreciation (depreciation) of | |
| Investments and translation of assets and liabilities in foreign currencies | 7,081,6532 |
| Futures contracts | 893,176 |
| Written options | 980,483 |
| | 8,955,312 |
| Net realized and unrealized gain | 11,347,124 |
| Increase in net assets from operations | \$15,467,085 |

¹ Net of India foreign taxes of \$21,258.

² Net of \$28,911 increase in deferred India foreign withholding taxes.

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See notes to financial statements

FINANCIAL STATEMENTS

Statements of changes in net assets

These Statements of changes in net assets show how the value of the fund's net assets has changed during the last two periods. The difference reflects earnings less expenses, any investment gains and losses, distributions, if any, paid to shareholders and the net of fund share transactions.

| | Six months ended 6-30-14 (Unaudited) | Year ended 12-31-13 |
|---|---|------------------------------------|
| Increase (decrease) in net assets | | |
| From operations | | |
| Net investment income | \$4,119,961 | \$1,866,450 |
| Net realized gain | 2,391,812 | 35,802,327 |
| Change in net unrealized appreciation (depreciation) | 8,955,312 | 7,967,229 |
| Increase in net assets resulting from operations | 15,467,085 | 45,636,006 |
| Distributions to shareholders | | |

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| | | |
|---|---------------------------|----------------------|
| From net investment income | (10,273,606) ¹ | (2,356,116) |
| From net realized gain | — | (16,114,441) |
| Total distributions | (10,273,606) | (18,470,557) |
| From fund share transactions | | |
| Repurchased | (1,649,235) | (13,545) |
| Total increase | 3,544,244 | 27,151,904 |
| Net assets | | |
| Beginning of period | 267,994,436 | 240,842,532 |
| End of period | \$271,538,680 | \$267,994,436 |
| Accumulated distributions in excess of net investment income | (\$6,646,431) | (\$492,786) |
| Share activity | | |
| Shares outstanding | | |
| Beginning of period | 13,732,375 | 13,733,169 |
| Shares repurchased | (94,866) | (794) |
| End of period | 13,637,509 | 13,732,375 |

¹ A portion of the distributions may be deemed a capital gain distribution at year end.

See notes to financial statements

Semiannual report | Hedged Equity & Income Fund 27

Financial highlights

The Financial highlights show how the fund's net asset value for a share has changed during the period.

| COMMON SHARES Period ended | 6-30-14 ¹ | 12-31-13 | 12-31-12 ² | 10-31-12 | 10-31-11 ³ |
|--|----------------------|----------------|-----------------------|----------------|-----------------------|
| Per share operating performance | | | | | |
| Net asset value, beginning of period | \$19.52 | \$17.54 | \$17.60 | \$16.99 | \$19.104 |
| Net investment income ⁵ | 0.306 | 0.14 | 0.05 | 0.13 | 0.02 |
| Net realized and unrealized gain (loss) on investments | 0.83 | 3.19 | 0.18 | 1.68 | (1.73) |
| Total from investment operations | 1.13 | 3.33 | 0.23 | 1.81 | (1.71) |
| Less distributions to common shareholders | | | | | |
| From net investment income | (0.75) ⁷ | (0.18) | (0.05) | (0.13) | (0.02) |

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| | | | | | |
|---|----------------|----------------|----------------------------|----------------|-----------------------------|
| From net realized gain | — | (1.17) | — | — | — |
| From tax return of capital | — | — | (0.27) | (1.16) | (0.34) |
| Total distributions | (0.75) | (1.35) | (0.32) | (1.29) | (0.36) |
| Anti-dilutive impact of repurchase plan ⁸ | 0.01 | — ⁹ | 0.03 | 0.09 | — |
| Offering costs related to common shares | — | — | — | — | (0.04) |
| Net asset value, end of period | \$19.91 | \$19.52 | \$17.54 | \$17.60 | \$16.99 |
| Per share market value, end of period | \$18.55 | \$17.07 | \$15.26 | \$16.14 | \$15.18 |
| Total return at net asset value (%)¹⁰ | 6.2811 | 20.40 | 1.7111 | 12.17 | (8.98)¹¹ |
| Total return at market value (%)¹⁰ | 13.2311 | 21.02 | (3.51)¹¹ | 15.14 | (22.33)¹¹ |

Ratios and supplemental data

| | | | | | |
|---|----------|-------|--------|-------|--------|
| Net assets applicable to common shares, end of period (in millions) | \$272 | \$268 | \$241 | \$245 | \$248 |
| Ratios (as a percentage of average net assets): | | | | | |
| Expenses | 1.1912 | 1.14 | 0.2211 | 1.14 | 1.1512 |
| Net investment income | 3.096,12 | 0.72 | 0.3011 | 0.74 | 0.3112 |
| Portfolio turnover (%) | 24 | 14213 | 11 | 76 | 38 |

¹ Six months ended 6-30-14. Unaudited.

² For the two-month period ended 12-31-12. The fund changed its fiscal year end from October 31 to December 31.

³ Period from 5-26-11 (commencement of operations) to 10-31-11.

⁴ Reflects the deduction of a \$0.90 per share sales load.

⁵ Based on average daily shares outstanding.

⁶ Net investment income per share and ratio of net investment income to average net assets reflect a special dividend received by the fund which amounted to \$0.05 and 0.27% (unannualized), respectively.

⁷ A portion of the distributions may be deemed a capital gain distribution at year end.

⁸ The repurchase plan was completed at an average repurchase price of \$17.38, \$17.06, \$15.43 and \$15.95 for 94,866, 94,866, 794 shares, 200,837 shares, and 686,230 shares for the six months ended 6-30-14, the year ended 12-31-13, the two month period ended 12-31-12 and the year ended 10-31-12, respectively.

⁹ Less than \$0.005 per share.

¹⁰ Total return based on net asset value reflects changes in fund's net asset value during each period. Total return based on market value reflects changes in market value. Each figure assumes that distributions from income, capital gains and return of capital, if any, were reinvested. These figures will differ depending upon the level of any discount from or premium to net asset value at which the fund's shares traded during the period.

¹¹ Not annualized.

¹² Annualized.

¹³ Increase in portfolio turnover rate resulted from repositioning of the portfolio in accordance with investment policy changes approved by the Board of Trustees during the year ended December 31, 2013.

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See notes to financial statements

Notes to financial statements

(unaudited)

Note 1 — Organization

John Hancock Hedged Equity & Income Fund (the fund) is a closed-end management investment company organized as a Massachusetts business trust and registered under the Investment Company Act of 1940, as amended (the 1940 Act).

Note 2 — Significant accounting policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), which require management to make certain estimates and assumptions as of the date of the financial statements. Actual results could differ from those estimates and those differences could be significant. The fund qualifies as an investment company under Topic 946 of the Accounting Standards Codification of US GAAP, and there have been no changes to this qualification during the periods as presented in the financial statements.

Events or transactions occurring after the end of the fiscal period through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the fund:

Security valuation. Investments are stated at value as of the close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 P.M., Eastern Time. In order to value the securities, the fund uses the following valuation techniques: Equity securities held by the fund are valued at the last sale price or official closing price on the exchange where the security was acquired or most likely will be sold. In the event there were no sales during the day or closing prices are not available, the securities are valued using the last available bid price. Debt obligations are valued based on the evaluated prices provided by an independent pricing vendor or from broker-dealers. Independent pricing vendors utilize matrix pricing which takes into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, as well as broker supplied prices. Options listed on an exchange are valued at the mean of the most recent bid and ask prices from the exchange where the option was acquired or most likely will be sold. Unlisted options are valued using evaluated prices obtained from an independent pricing vendor. Futures contracts are valued at settlement prices, which are the official closing prices published by the exchange on which they trade. Foreign securities and currencies, including forward foreign currency contracts, are valued in U.S. dollars, based on foreign currency exchange rates supplied by an independent pricing vendor. Securities that trade only in the over-the-counter (OTC) market are valued using bid prices. Certain short-term securities with maturities of 60 days or less at the time of purchase are valued at amortized cost.

Other fund securities and assets, for which reliable market quotations are not readily available, are valued at fair value as determined in good faith by the fund's Pricing Committee following procedures established by the Board of Trustees. The frequency with which these fair valuation procedures are used cannot be predicted and fair value of securities may differ significantly from the value that would have been used had a ready market for such securities existed. Trading in foreign securities may be completed before the daily close of trading on the NYSE. Significant events at the issuer or market level may affect the values of securities between the time when the valuation of the securities is generally determined and the close of the NYSE. If a significant event occurs, these securities may be fair valued, as determined in good faith by the fund's Pricing Committee, following procedures established by the Board of Trustees. The fund uses fair value adjustment factors provided by an independent pricing vendor to value certain foreign securities in order

to adjust for events that may occur between the close of foreign exchanges or markets and the close of the NYSE.

The fund uses a three-tier hierarchy to prioritize the pricing assumptions, referred to as inputs, used in valuation techniques to measure fair value. Level 1 includes securities valued using quoted prices in active markets for identical securities. Level 2 includes securities valued using other significant observable inputs. Observable inputs may include quoted prices for similar securities, interest rates, prepayment speeds and credit risk. Prices for securities valued using these inputs are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes securities valued using significant unobservable inputs when market prices are not readily available or reliable, including the fund's own assumptions in

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determining the fair value of investments. Factors used in determining value may include market or issuer specific events or trends, changes in interest rates and credit quality. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

The following is a summary of the values by input classification of the fund's investments as of June 30, 2014, by major security category or type:

| | TOTAL MARKET VALUE AT 6-30-14 | LEVEL 1 QUOTED PRICE | LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS | LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS |
|-------------------------------|----------------------------------|-------------------------|---|--|
| Common Stocks | | | | |
| Consumer Discretionary | \$17,114,861 | \$8,223,381 | \$8,633,913 | \$257,567 |
| Consumer Staples | 13,969,287 | 8,389,226 | 5,580,061 | — |
| Energy | 22,341,757 | 16,225,856 | 6,115,901 | — |
| Financials | 55,011,112 | 29,869,866 | 25,141,246 | — |
| Health Care | 26,283,890 | 13,164,492 | 13,119,398 | — |
| Industrials | 22,825,081 | 9,751,193 | 13,073,888 | — |
| Information Technology | 30,385,879 | 23,415,137 | 6,832,886 | 137,856 |
| Materials | 19,334,485 | 10,157,603 | 9,176,882 | — |
| Telecommunication | | | | |
| Services | 9,352,204 | 2,125,323 | 7,226,881 | — |
| Utilities | 8,461,289 | 6,196,656 | 2,264,633 | — |
| Preferred Securities | 206,147 | — | — | 206,147 |
| Corporate Bonds | 36,136,105 | — | 36,136,105 | — |
| Foreign Government | | | | |
| Obligations | 105,363 | — | 105,363 | — |
| Convertible Bonds | 486,458 | — | 486,458 | — |
| Term Loans | 2,192,697 | — | 2,192,697 | — |
| Short-Term Investments | 4,800,000 | — | 4,800,000 | — |
| <hr/> | | | | |
| Total Investments in | | | | |
| Securities | \$269,006,615 | \$127,518,733 | \$140,886,312 | \$601,570 |
| Other Financial | | | | |
| Instruments: | | | | |
| Futures | (\$743,506) | (\$743,506) | — | — |
| Forward Foreign | | | | |
| Currency Contracts | (\$39,785) | — | (\$39,785) | — |

Repurchase agreements. The fund may enter into repurchase agreements. When the fund enters into a repurchase agreement, it receives collateral that is held in a segregated account by the fund's custodian, or for tri-party repurchase agreements, collateral is held at a third-party custodian bank

in a segregated account for the benefit of the fund. The collateral amount is marked-to-market and monitored on a daily basis to ensure that the collateral held is in an amount not less than the principal amount of the repurchase agreement plus any accrued interest. Collateral received by the fund for repurchase agreements is disclosed in the Fund's investments as part of the caption related to the repurchase agreement.

Repurchase agreements are typically governed by the terms and conditions of the Master Repurchase Agreement and/or Global Master Repurchase Agreement (collectively, MRA). Upon an event of default, the non-defaulting party may close out all transactions traded under the MRA and net amounts owed. Absent an event of default, the MRA does not result in an offset of the reported amounts of assets and liabilities in the Statement of assets and liabilities. In the event of a default by the counterparty, realization of the collateral proceeds could be delayed, during which time the collateral value may decline or the counterparty may have insufficient assets to pay back claims resulting from close-out of the transactions.

Security transactions and related investment income. Investment security transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is accrued as earned. Interest income includes coupon interest and amortization/accretion of premiums/discounts on debt securities. Debt obligations may be placed in a non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful. Dividend income is recorded on the ex-date, except for dividends of foreign securities where the dividend may not be known until after the ex-date. In those cases, dividend income, net of withholding taxes, is recorded when the fund becomes aware of the dividends. Foreign taxes are provided for based on the fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds from litigation.

Foreign currency translation. Assets, including investments and liabilities denominated in foreign currencies, are translated into U.S. dollar values each day at the prevailing exchange rate. Purchases and sales of securities, income and expenses are translated into U.S. dollars at the prevailing exchange rate on the date of the transaction. The effect of changes in foreign currency exchange rates on the value of securities is reflected as a component of the realized and unrealized gains (losses) on investments.

Funds that invest internationally generally carry more risk than funds that invest strictly in U.S. securities. These risks are heightened for investments in emerging markets. Risks can result from differences in economic and political conditions, regulations, market practices (including higher transaction costs), accounting standards and other factors. Foreign investments are also subject to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.

Foreign taxes. The fund may be subject to withholding tax on income and/or capital gains or repatriation taxes imposed by certain countries in which the fund invests. Taxes are accrued based upon investment income, realized gains or unrealized appreciation.

Overdrafts. Pursuant to the custodian agreement, the fund's custodian may, in its discretion, advance funds to the fund to make properly authorized payments. When such payments result in an overdraft, the fund is obligated to repay the custodian for any overdraft, including any costs or expenses associated with the overdraft. The custodian may have a lien, security interest or security entitlement in any fund property that is not otherwise segregated or pledged, to the maximum extent permitted by law, to the extent of any overdraft.

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Expenses. Within the John Hancock group of funds complex, expenses that are directly attributable to an individual fund are allocated to such fund. Expenses that are not readily attributable to a specific fund are allocated among all funds in an equitable manner, taking into consideration, among other things, the nature and type of expense and the fund's relative net assets. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Federal income taxes. The fund intends to continue to qualify as a regulated investment company by complying with the applicable provisions of the Internal Revenue Code and will not be subject to federal income tax on taxable income that is distributed to shareholders. Therefore, no federal income tax provision is required.

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As of December 31, 2013, the fund had no uncertain tax positions that would require financial statement recognition, derecognition or disclosure. The fund's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years.

Managed distribution plan. In September 2013, the Board of Trustees amended the managed distribution plan (the Distribution Plan) increasing the quarterly distribution amount from \$0.323 to \$0.376 per share, effective with the December 31, 2013 distribution. Under the current Distribution Plan, the fund makes quarterly distributions of an amount equal to \$0.376 per share, which will be paid quarterly until further notice. This fixed amount was based upon an annualized distribution rate of 8.00% of the fund's net asset value of \$18.80 on August 31, 2013 at the time the Distribution Plan was last amended.

Distributions under the Distribution Plan may consist of net investment income, net realized capital gains and, to the extent necessary, return of capital. Return of capital distributions may be necessary when the fund's net investment income and net capital gains are insufficient to meet the minimum percentage dividend. In addition, the fund may also make additional distributions for purposes of not incurring federal income and excise taxes.

The Board of Trustees may terminate or reduce the amount paid under the Distribution Plan at any time. The termination or reduction may have an adverse effect on the market price of the fund's shares.

Distribution of income and gains. Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-date. The fund declares and pays distributions quarterly pursuant to its Distribution Plan described above.

Such distributions, on a tax basis, are determined in conformity with income tax regulations, which may differ from accounting principles generally accepted in the United States of America. Material distributions in excess of tax basis earnings and profits, if any, are reported in the fund's financial statements as a return of capital. The final determination of tax characteristics of the fund's distribution will occur at the end of the year and will subsequently be reported to shareholders.

Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences, if any, will reverse in a subsequent period. Book-tax differences are primarily attributable to foreign currency transactions, passive foreign investment companies, wash sale loss deferrals and derivative transactions.

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Note 3 — Derivative instruments

The fund may invest in derivatives in order to meet its investment objectives. Derivatives include a variety of different instruments that may be traded in the OTC market, on a regulated exchange or through a clearing facility. The risks in using derivatives vary depending upon the structure of the instruments, including the use of leverage, optionality, the liquidity or lack of liquidity of the contract, the creditworthiness of the counterparty or clearing organization and the volatility of the position. Some derivatives involve risks that are potentially greater than the risks associated with investing directly in the referenced securities or other referenced underlying instrument. Specifically, the fund is exposed to the risk that the counterparty to an OTC derivatives contract will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. OTC derivatives transactions typically can only be closed out with the other party to the transaction.

Forward foreign currency contracts are typically traded through the OTC market. Non-deliverable forwards are regulated by the Commodity Futures Trading Commission (the CFTC) as swaps. Derivative counterparty risk is managed through an ongoing evaluation of the creditworthiness of all potential counterparties and, if applicable, designated clearing organizations. The fund attempts to reduce its exposure to counterparty risk for derivatives traded in the OTC market, whenever possible, by entering into an International Swaps and Derivatives Association (ISDA) Master Agreement with each of its OTC counterparties. The ISDA gives each party to the agreement the right to terminate all transactions traded under the agreement if there is certain deterioration in the credit quality or contractual default of the other party, as defined in the ISDA. Upon an event of default or a

termination of the ISDA, the non-defaulting party has the right to close out all transactions and to net amounts owed.

Futures and certain options are traded or cleared on an exchange or central clearinghouse. Exchange-traded or cleared transactions generally present less counterparty risk to a fund than OTC transactions. The exchange or clearinghouse stands between the fund and the broker to the contract and therefore, credit risk is generally limited to the failure of the exchange or clearinghouse and the clearing member. Securities pledged by the fund for exchange-traded and cleared transactions, if any, are in the Fund's investments.

Futures. A futures contract is a contractual agreement to buy or sell a particular currency or financial instrument at a pre-determined price in the future. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in the underlying financial instrument and potential losses in excess of the amounts recognized on the Statement of assets and liabilities. Use of long futures contracts subjects the fund to the risk of loss up to the notional value of the futures contracts. Use of short futures contracts subjects the fund to unlimited risk of loss.

Upon entering into a futures contract, the fund is required to deposit initial margin with the broker in the form of cash or securities. The amount of required margin is generally based on a percentage of the contract value; this amount is the initial margin for the trade. The margin deposit must then be maintained at the established level over the life of the contract. Futures margin receivable/ payable is included on the Statement of assets and liabilities. Futures contracts are marked-to-market daily and an appropriate payable or receivable for the change in value (variation margin) and unrealized gain or loss is recorded by the fund. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

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During the six months ended June 30, 2014, the fund used futures contracts to manage against anticipated changes in securities markets. During the six months ended June 30, 2014, the fund held futures contracts with notional values ranging from \$40 million to \$42 million, as measured at each quarter end. The following table summarizes the contracts held at June 30, 2014.

| OPEN CONTRACTS | NUMBER OF CONTRACTS | POSITION | EXPIRATION DATE | NOTIONAL BASIS | NOTIONAL VALUE | UNREALIZED APPRECIATION (DEPRECIATION) |
|-------------------|------------------------|----------|-----------------|----------------|----------------|--|
| S&P 500 Index | 435 | Short | Sep 2014 | (\$41,721,194) | (\$42,464,700) | (\$743,506) |
| E-Mini Futures | | | | | | (\$743,506) |

Notional basis refers to the contractual amount agreed upon at inception of open contracts; notional value represents the current value of the open contract.

Forward foreign currency contracts. A forward foreign currency contract is an agreement between two parties to buy and sell specific currencies at a price that is set on the date of the contract. The forward contract calls for delivery of the currencies on a future date that is specified in the contract. Risks related to the use of forwards include the possible failure of counterparties to meet the terms of the forward agreement, the failure of the counterparties to timely post collateral if applicable, the risk that currency movements will not favor the fund thereby reducing the fund's total return, and the potential for losses in excess of the amounts recognized on the Statement of assets and liabilities.

The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked-to-market daily and the change in value is recorded by the fund as an unrealized gain or loss. Realized gains or losses, equal to the difference between the value of the

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contract at the time it was opened and the value at the time it was closed, are recorded upon delivery or receipt of the currency or settlement with the counterparty.

During the six months ended June 30, 2014, the fund used forward foreign currency contracts to manage against anticipated currency exchange rate changes. During the six months ended June 30, 2014, the fund held forward foreign currency contracts with U.S. dollar notional values ranging from \$6.9 million to \$8 million, as measured at each quarter end. The following table summarizes the contracts held at June 30, 2014.

| | CONTRACT | | COUNTERPARTY | CONTRACTUAL | | | NET UNREALIZED APPRECIATION/ (DEPRECIATION) |
|-----|-----------|---------------|--|--------------------|----------------------------|----------------------------|---|
| | TO BUY | TO SELL | | SETTLEMENT DATE | UNREALIZED APPRECIATION | UNREALIZED DEPRECIATION | |
| CAD | 255,000 | USD 237,591 | Royal Bank of Canada | 7-31-14 | \$1,223 | — | \$1,223 |
| EUR | 256,000 | USD 348,529 | Deutsche Bank AG London | 7-31-14 | 2,048 | — | 2,048 |
| EUR | 85,000 | USD 115,442 | Goldman Sachs International | 7-31-14 | 960 | — | 960 |
| EUR | 203,000 | USD 277,961 | HSBC Bank USA | 7-31-14 | 36 | — | 36 |
| EUR | 29,000 | USD 39,290 | HSBC Bank USA | 9-17-14 | 431 | — | 431 |
| EUR | 25,000 | USD 33,912 | Standard Chartered Bank | 9-17-14 | 330 | — | 330 |
| GBP | 617,000 | USD 1,048,912 | Royal Bank of Scotland PLC | 7-31-14 | 6,783 | — | 6,783 |
| USD | 1,512,866 | EUR 1,113,000 | Bank of America, N.A. | 7-31-14 | — | (\$11,321) | (11,321) |
| USD | 647,617 | EUR 475,000 | Morgan Stanley and Company International PLC | 7-31-14 | — | (2,866) | (2,866) |
| USD | 1,261,658 | EUR 932,000 | Citibank N.A. | 9-17-14 | — | (14,890) | (14,890) |

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| | CONTRACT | | COUNTERPARTY | CONTRACTUAL | | | NET UNREALIZED APPRECIATION/ (DEPRECIATION) |
|-----|----------|----------------|-----------------------------|--------------------|----------------------------|----------------------------|---|
| | TO BUY | TO SELL | | SETTLEMENT DATE | UNREALIZED APPRECIATION | UNREALIZED DEPRECIATION | |
| USD | 51,285 | GBP 30,000 | UBS AG | 7-31-14 | — | (\$46) | (\$46) |
| USD | 436,636 | JPY 45,263,000 | JPMorgan Chase Bank N.A. | 7-10-14 | — | (10,190) | (10,190) |
| USD | 707,934 | JPY 72,379,000 | Bank of America, N.A. | 8-13-14 | — | (6,755) | (6,755) |
| USD | 122,860 | JPY 12,520,000 | Bank of America, N.A. | 9-17-14 | — | (796) | (796) |

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| | | | | | | | |
|-----|---------|----------------|------------------|---------|-----------------|-------------------|-------------------|
| USD | 122,853 | JPY 12,519,000 | BNP Paribas SA | 9-17-14 | — | (793) | (793) |
| USD | 635,537 | JPY 64,745,000 | Bank of America, | 9-19-14 | — | (3,939) | (3,939) |
| | | | N.A. | | | | |
| | | | | | \$11,811 | (\$51,596) | (\$39,785) |

Currency Abbreviation

| | |
|-----|-----------------|
| CAD | Canadian Dollar |
| EUR | Euro |
| GBP | Pound Sterling |
| JPY | Japanese Yen |
| USD | U.S. Dollar |

Options. There are two types of options, put options and call options. Options are traded either over-the-counter or on an exchange. A call option gives the purchaser of the option the right to buy (and the seller the obligation to sell) the underlying instrument at the exercise price. A put option gives the purchaser of the option the right to sell (and the writer the obligation to buy) the underlying instrument at the exercise price. Writing puts and buying calls may increase the fund's exposure to changes in the value of the underlying instrument. Buying puts and writing calls may decrease the fund's exposure to such changes. Risks related to the use of options include the loss of premiums, possible illiquidity of the options markets, trading restrictions imposed by an exchange and movements in underlying security values, and for written options, potential losses in excess of the amounts recognized on the Statement of assets and liabilities. In addition, over-the-counter options are subject to the risks of all over-the-counter derivatives contracts.

When the fund writes an option, the premium received is included as a liability and subsequently "marked-to-market" to reflect the current market value of the option written. Premiums received from writing options that expire unexercised are recorded as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option on a security is exercised, the premium received reduces the cost basis of the securities purchased by the fund.

During the six months ended June 30, 2014, the fund wrote option contracts to manage against anticipated changes in securities markets and generate income. The following table summarizes the fund's written options activities during the six months ended June 30, 2014. There were no open written options contracts as of June 30, 2014.

| | NUMBER OF CONTRACTS | PREMIUMS RECEIVED (PAID) |
|-----------------------------------|------------------------|--------------------------------|
| Outstanding, beginning of period | 370 | \$445,867 |
| Options written | 1,818 | 2,304,189 |
| Option closed | (2,188) | (2,750,056) |
| Options exercised | — | — |
| Options expired | — | — |
| Outstanding, end of period | — | — |

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The table below summarizes the fair value of derivatives held by the fund at June 30, 2014 by risk category:

| RISK | STATEMENT OF ASSETS AND LIABILITIES LOCATION | FINANCIAL INSTRUMENTS LOCATION | ASSET DERIVATIVES FAIR VALUE | LIABILITY DERIVATIVE FAIR VALUE |
|----------------------------|--|------------------------------------|------------------------------|---------------------------------|
| Equity contracts | Receivable/payable for futures | Futures† | — | (\$743,506) |
| Foreign exchange contracts | Receivable/payable for forward foreign currency exchange contracts | Forward foreign currency contracts | \$11,811 | (51,596) |
| Total | | | \$11,811 | (\$795,102) |

†Reflects cumulative appreciation/depreciation on futures as disclosed in Note 3. Only the period end variation margin is separately disclosed on the Statement of assets and liabilities.

For financial reporting purposes, the fund does not offset OTC derivative assets or liabilities that are subject to master netting arrangements, as defined by the ISDAs, in the Statement of assets and liabilities. In the event of default by the counterparty or a termination of the agreement, the ISDA allows an offset of amounts across the various transactions between the fund and the applicable counterparty.

Effect of derivative instruments on the Statement of operations

The table below summarizes the net realized gain (loss) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the six months ended June 30, 2014:

| RISK | STATEMENT OF OPERATIONS LOCATION | WRITTEN OPTIONS | FUTURES CONTRACTS | FOREIGN CURRENCY TRANSACTIONS* | TOTAL |
|----------------------------|----------------------------------|----------------------|----------------------|--------------------------------|----------------------|
| Equity contracts | Net realized gain (loss) | (\$2,333,153) | (\$3,665,852) | — | (\$5,999,005) |
| Foreign exchange contracts | Net realized gain (loss) | — | — | \$16,597 | \$16,597 |
| Total | | (\$2,333,153) | (\$3,665,852) | \$16,597 | (\$5,982,408) |

*Realized gain/loss associated with forward foreign currency contracts in the caption Investments and foreign currency transactions on the Statement of operations.

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The table below summarizes the net change in unrealized appreciation (depreciation) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the six months ended June 30, 2014:

TRANSLATION

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| RISK | STATEMENT OF OPERATIONS LOCATION | WRITTEN OPTIONS | FUTURES CONTRACTS | OF ASSETS AND LIABILITIES | |
|----------------------------|--|------------------|-------------------|---------------------------|--------------------|
| | | | | IN FOREIGN CURRENCIES* | TOTAL |
| Equity contracts | Change in unrealized appreciation | \$980,483 | \$893,176 | — | \$1,873,659 |
| Foreign exchange contracts | Change in unrealized appreciation (depreciation) | — | — | (\$186,181) | (\$186,181) |
| Total | | \$980,483 | \$893,176 | (\$186,181) | \$1,687,478 |

*Change in unrealized appreciation/depreciation associated with forward foreign currency contracts is included in the caption Investments and translation of assets and liabilities in foreign currencies on the Statement of operations.

Note 4 — Guarantees and indemnifications

Under the fund’s organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into contracts with service providers that contain general indemnification clauses. The fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the fund that have not yet occurred. The risk of material loss from such claims is considered remote.

Note 5 — Fees and transactions with affiliates

John Hancock Advisers, LLC (the Advisor) serves as investment advisor for the fund. The Advisor is an indirect, wholly owned subsidiary of Manulife Financial Corporation (MFC).

Management fee. The fund has an investment management agreement with the Advisor under which the fund pays a daily management fee to the Advisor, on an annual basis, equal to 1.00% of the fund’s average daily gross assets. The Advisor has a subadvisory agreement with Wellington Management Company LLP. The fund is not responsible for payment of the subadvisory fees.

On June 25, 2014, the Board of Trustees approved the fund’s participation in the following fee waiver/reimbursement, which is effective July 1, 2014, in which the Advisor has contractually agreed to waive a portion of its management fee and/or reimburse expenses for certain funds of the John Hancock complex, including the fund (the participating portfolios). The waiver equals, on an annualized basis, 0.01% of that portion of the aggregate net assets of all the participating portfolios that exceeds \$75 billion but is less than or equal to \$125 billion; 0.0125% of that portion of the aggregate net assets of all the participating portfolios that exceeds \$125 billion but is less than or equal to \$150 billion; and 0.015% of that portion of the aggregate net assets of all the participating portfolios that exceeds \$150 billion. The amount of the reimbursement is calculated daily and allocated among all the participating portfolios in proportion to the daily net assets of each fund. This arrangement may be amended or terminated at any time by the Advisor upon notice to the fund and with the approval of the Board of Trustees.

Accounting and legal services. Pursuant to a service agreement, the fund reimburses the Advisor for all expenses associated with providing the administrative, financial, legal, accounting and recordkeeping services to the fund, including the preparation of all tax returns, periodic reports to shareholders and regulatory reports, among other services. These accounting and legal services fees

incurred for the six months ended June 30, 2014 amounted to an annual rate of 0.02% of the fund's average daily net assets.

Trustee expenses. The fund compensates each Trustee who is not an employee of the Advisor or its affiliates. Each independent Trustee receives from the fund and the other John Hancock closed-end funds an annual retainer. In addition, Trustee out-of-pocket expenses are allocated to each fund based on its net assets relative to other funds within the John Hancock group of funds complex.

Note 6 — Fund share transactions

On December 6, 2011, the Board of Trustees approved a share repurchase plan, pursuant to which the fund was authorized to purchase, in the open market, up to 10% of its outstanding common shares between January 1, 2012 and December 31, 2012 (based on common shares outstanding as of December 31, 2011). The fund's share repurchase plan was renewed on December 12, 2012, pursuant to which, the fund was authorized to purchase, in the open market, up to 10% of its outstanding common shares between January 1, 2013 and December 31, 2013 (based on common shares outstanding as of December 31, 2012). On December 18, 2013, the Board renewed the share repurchase plan. As renewed, the fund may purchase in the open market, between January 1, 2014 and December 31, 2014, up to an additional 10% of its outstanding common shares (based on common shares outstanding as of December 31, 2013). During the six months ended June 30, 2014 and the year ended December 31, 2013, the fund repurchased 0.69% and 0.01% of shares outstanding, respectively. The weighted average discount per share on the repurchases amounted to 10.69% and 11.09% for the six months ended June 30, 2014 and the year ended December 31, 2013. Shares repurchased and corresponding dollar amounts are included in the Statement of changes in net assets. The anti-dilutive impact of these share repurchases is included on the Financial highlights.

Note 7 — Purchase and sale of securities

Purchases and sales of securities, other than short-term investments, amounted to \$62,068,019 and \$74,377,353, respectively, for the six months ended June 30, 2014.

Additional information

Unaudited

Investment objective and policy

The fund is a diversified, closed-end management investment company, common shares of which were initially offered to the public on May 26, 2011 and are publicly traded on the NYSE. The fund's investment objective is to provide total return with a focus on current income and gains and also consisting of long-term capital appreciation. The fund uses an equity strategy, as well as futures and call writing, to pursue its investment objective.

Under normal circumstances, the fund invests at the time of purchase at least 80% of its net assets (plus borrowings for investment purposes) in equity and equity-related securities, including common stock, preferred stock, depositary receipts (including American Depositary Receipts and Global Depositary Receipts), index-related securities (including exchange traded funds), options on equity securities and equity indexes, real estate investment structures (including real estate investment trusts), convertible securities, private placements, convertible preferred stock, rights, warrants, derivatives linked to equity securities or indexes and other similar equity equivalents. The fund may invest in listed and unlisted domestic and foreign equity and equity-related securities or instruments. These equity and equity-related instruments may include equity securities of, or derivatives linked to, foreign issuers and indexes (including emerging market issuers or indexes).

Dividends and distributions

During the six months ended June 30, 2014, distributions from net investment income totaling \$0.7520 per share were paid to shareholders. The dates of payments and the amounts per share were as follows:

| PAYMENT DATE | DISTRIBUTIONS* |
|----------------|-----------------|
| March 31, 2014 | \$0.3760 |
| June 30, 2014 | 0.3760 |
| Total | \$0.7520 |

*A portion of the distributions may be deemed a capital gain distribution at year end.

Shareholder communication and assistance

If you have any questions concerning the fund, we will be pleased to assist you. If you hold shares in your own name and not with a brokerage firm, please address all notices, correspondence, questions or other communications regarding the fund to the transfer agent at:

Computershare

P.O. Box 30170

College Station, TX 77842-3170

Telephone: 800-852-0218

If your shares are held with a brokerage firm, you should contact that firm, bank, or other nominee for assistance.

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Shareholder meeting

The fund held its Annual Meeting of Shareholders on February 18, 2014. The following proposal was considered by the shareholders:

Proposal: Election of four (4) Trustees to serve for a three-year term ending at the 2017 Annual Meeting of Shareholders. Each Trustee was re-elected by the fund's shareholders and the votes cast with respect to each Trustee are set forth below.

| | TOTAL VOTES FOR THE NOMINEE | TOTAL VOTES WITHHELD FROM THE NOMINEE |
|-----------------------------|--------------------------------|--|
| Independent Trustees | | |
| William H. Cunningham | 10,881,348.380 | 181,855.619 |
| Grace K. Fey | 10,857,446.036 | 205,737.963 |
| Hassell H. McClellan | 10,893,705.202 | 169,498.797 |
| Gregory A. Russo | 10,888,527.488 | 174,676.511 |

Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are: Charles L. Bardelis, Craig Bromley, Peter S. Burgess, Theron S. Hoffman, Deborah C. Jackson, James M. Oates, Steven R. Pruchansky and Warren A. Thomson.

Continuation of Investment Advisory and Subadvisory Agreements

Evaluation of Advisory and Subadvisory Agreements by the Board of Trustees

This section describes the evaluation by the Board of Trustees (the Board) of John Hancock Hedged Equity & Income Fund (the fund) of the Advisory Agreement (the Advisory Agreement) with John Hancock Advisers, LLC (the Advisor) and the Subadvisory Agreement (the Subadvisory Agreement) with Wellington Management Company LLP (the Subadvisor). The Advisory Agreement and Subadvisory Agreement are collectively referred to as the Agreements. Prior to the June 23-25, 2014 meeting at which the Agreements were approved, the Board also discussed and considered information regarding the proposed continuation of the Agreements at an in-person meeting held on May 27-29, 2014.

Approval of Advisory and Subadvisory Agreements

At in-person meetings held on June 23-25, 2014, the Board, including the Trustees who are not considered to be interested persons of the fund under the Investment Company Act of 1940, as amended (the 1940 Act) (the Independent Trustees), reapproved for an annual period the continuation of the Advisory Agreement between the fund and the Advisor and the Subadvisory Agreement between the Advisor and the Subadvisor with respect to the fund.

In considering the Advisory Agreement and the Subadvisory Agreement, the Board received in advance of the meetings a variety of materials relating to the fund, the Advisor and the Subadvisor, including comparative performance, fee and expense information for a peer group of similar funds prepared by an independent third-party provider of fund data, performance information for an applicable benchmark index; and other pertinent information, such as the market premium and discount information, and, with respect to the Subadvisor, comparative performance information for comparably managed accounts, as applicable, and other information provided by the Advisor and the Subadvisor regarding the nature, extent and quality of services provided by the Advisor and the Subadvisor under their respective Agreements, as well as information regarding the Advisor's revenues and costs of providing services to the fund and any compensation paid to affiliates of the Advisor. At the meetings at which the renewal of the Advisory Agreement and Subadvisory Agreement are considered, particular focus is given to information concerning fund performance, comparability of fees and total expenses, and profitability. However, the Board notes that the evaluation process with respect to the Advisor and the Subadvisor is an ongoing one. In this regard, the Board also took into account discussions with management and information provided to the Board at prior meetings with respect to the services provided by the Advisor and the Subadvisor to the fund, including quarterly performance reports prepared by management containing reviews of investment results, and prior presentations from the Subadvisor with respect to the fund. The Board also considered the nature, quality, and extent of non-advisory services, if any, to be provided to the fund by the Advisor's affiliates.

Throughout the process, the Board asked questions of and requested additional information from management. The Board is assisted by legal counsel for the fund and the Independent Trustees are also separately assisted by independent legal counsel throughout the process. The Independent Trustees also received a memorandum from their independent legal counsel discussing the legal standards for their consideration of the proposed continuation of the Agreements and discussed the proposed continuation of the Agreements in private sessions with their independent legal counsel at which no representatives of management were present.

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Approval of Advisory Agreement

In approving the Advisory Agreement with respect to the fund, the Board, including the Independent Trustees, considered a variety of factors, including those discussed below. The Board also considered other factors (including conditions and trends prevailing generally in the economy, the securities markets, and the industry)

and does not treat any single factor as determinative, and each Trustee may attribute different weights to different factors. The Board's conclusions may be based in part on its consideration of the advisory and subadvisory arrangements in prior years and on the Board's ongoing regular review of fund performance and operations throughout the year.

Nature, extent, and quality of services. Among the information received by the Board from the Advisor relating to the nature, extent, and quality of services provided to the fund, the Board reviewed information provided by the Advisor relating to its operations and personnel, descriptions of its organizational and management structure, and information regarding the Advisor's compliance and regulatory history, including its Form ADV. The Board also noted that on a regular basis it receives and reviews information from the fund's Chief Compliance Officer (CCO) regarding the fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Board also considered the Advisor's risk management processes. The Board considered that the Advisor is responsible for the management of the day-to-day operations of the fund, including, but not limited to, general supervision of and coordination of the services provided by the Subadvisor, and is also responsible for monitoring and reviewing the activities of the Subadvisor and other third-party service providers.

The Board also considered the differences between the Advisor's services to the fund and the services it provides to other clients that are not closed-end funds, including, for example, the differences in services related to the regulatory and legal obligations of closed-end funds.

In considering the nature, extent, and quality of the services provided by the Advisor, the Trustees also took into account their knowledge of the Advisor's management and the quality of the performance of the Advisor's duties, through Board meetings, discussions and reports during the preceding year and through each Trustee's experience as a Trustee of the fund and of the other funds in the complex.

In the course of their deliberations regarding the Advisory Agreement, the Board considered, among other things:

(a) the skills and competency with which the Advisor has in the past managed the fund's affairs and its subadvisory relationship, the Advisor's oversight and monitoring of the Subadvisor's investment performance and compliance programs, such as the Subadvisor's compliance with fund policies and objective, review of brokerage matters, including with respect to trade allocation and best execution and the Advisor's timeliness in responding to performance issues;

(b) the background, qualifications and skills of the Advisor's personnel;

(c) the Advisor's compliance policies and procedures and its responsiveness to regulatory changes and fund industry developments;

(d) the Advisor's administrative capabilities, including its ability to supervise the other service providers for the fund;

(e) the financial condition of the Advisor and whether it has the financial wherewithal to provide a high level and quality of services to the fund; and

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(f) the Advisor's reputation and experience in serving as an investment advisor to the fund and the benefit to shareholders of investing in funds that are part of a family of funds offering a variety of investments.

The Board concluded that the Advisor may reasonably be expected to continue to provide a high quality of services under the Advisory Agreement with respect to the fund.

Investment performance. In considering the fund's performance, the Board noted that it reviews at its regularly scheduled meetings information about the fund's performance results. In connection with the consideration of the Advisory Agreement, the Board:

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- (a) reviewed information prepared by management regarding the fund's performance;
- (b) considered the comparative performance of an applicable benchmark index;
- (c) considered the performance of comparable funds, if any, as included in the report prepared by an independent third-party provider of fund data;
- (d) took into account the Advisor's analysis of the fund's performance; and
- (e) considered the fund's share performance and premium/discount information.

The Board noted that, based on its net asset value, the fund underperformed its benchmark index and outperformed the peer group average for the one-year period ended December 31, 2013. The Board noted: (i) the fund's favorable performance relative to its peer group for the one-year period; and (ii) the various changes implemented for the fund during the previous year, including changes to the fund's investment strategies. The Board also noted that the fund had commenced the initial public offering of its shares in May 2011 and has a relatively limited performance history.

The Board concluded that the fund's performance based on net asset value has generally outperformed the historical performance of comparable funds. The Board also concluded that the fund's performance is being monitored and reasonably addressed, where appropriate.

Fees and expenses. The Board reviewed comparative information prepared by an independent third-party provider of fund data including, among other data, the fund's contractual and net management fees (and subadvisory fees, to the extent available) and total expenses as compared to similarly situated investment companies deemed to be comparable to the fund. The Board considered the fund's ranking within a smaller group of peer funds chosen by the independent third-party provider, as well as the fund's ranking within a broader group of funds. In comparing the fund's contractual and net management fees to those of comparable funds, the Board noted that such fees include both advisory and administrative costs.

The Board noted that net management fees for the fund are higher than the peer group median. The Board also noted that total expenses for the fund are lower than the peer group median.

The Board took into account management's discussion of the fund's expenses. The Board also took into account management's discussion with respect to the advisory/subadvisory fee structure, including the amount of the advisory fee retained by the Advisor after payment of the subadvisory fee. The Board also noted that the Advisor pays the subadvisory fee and that such fee is negotiated at arm's length. In addition, the Board took into account that management had agreed, effective July 1, 2014, to implement an overall fee waiver across the complex, including the fund, which is discussed further below. The Board reviewed information provided by the Advisor concerning the investment advisory fee charged by the Advisor or one of its advisory affiliates to other clients

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(including other funds in the complex) having similar investment mandates, if any. The Board considered any differences between the Advisor's and Subadvisor's services to the fund and the services they provide to other comparable clients or funds. The Board concluded that the advisory fee paid with respect to the fund is reasonable.

Profitability/indirect benefits. In considering the costs of the services to be provided and the profits to be realized by the Advisor and its affiliates from the Advisor's relationship with the fund, the Board:

- (a) reviewed financial information of the Advisor;
- (b) reviewed and considered information presented by the Advisor regarding the net profitability to the Advisor and its affiliates with respect to the fund;

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- (c) received and reviewed profitability information with respect to the John Hancock fund complex as a whole;
- (d) received information with respect to the Advisor's allocation methodologies used in preparing the profitability data;
- (e) considered that the Advisor also provides administrative services to the fund on a cost basis pursuant to an administrative services agreement;
- (f) noted that the Advisor also derives reputational and other indirect benefits from providing advisory services to the fund;
- (g) noted that the subadvisory fee for the fund are paid by the Advisor and are negotiated at arm's length with the Subadvisor; and
- (h) considered that the Advisor should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the fund and the entrepreneurial risk that it assumes as Advisor.

Based upon its review, the Board concluded that the level of profitability, if any, of the Advisor and its affiliates from their relationship with the fund was reasonable and not excessive.

Economies of scale. In considering the extent to which the fund may realize any economies of scale and whether fee levels reflect these economies of scale for the benefit of fund shareholders, the Board noted that the fund has a limited ability to increase its assets as a closed-end fund. The Board took into account management's discussions of the current advisory fee structure, and, as noted above, the services the Advisor provides in performing its functions under the Advisory Agreement and in supervising the Subadvisor.

The Board also considered potential economies of scale that may be realized by the fund as part of the John Hancock fund complex. Among them, the Board noted that the Advisor has agreed, effective July 1, 2014, to waive a portion of its management fee for the fund and for each of the other John Hancock funds in the complex (except for those discussed below) (the Participating Portfolios) or otherwise reimburse the expenses of the Participating Portfolios as follows (the Reimbursement): The Reimbursement shall equal to, on an annualized basis, 0.01% of that portion of the aggregate net assets of all the Participating Portfolios that exceed \$75 billion but is less than or equal to \$125 billion, 0.0125% of that portion of the aggregate net assets of all the Participating Portfolios that exceed \$125 billion but is less than or equal to \$150 billion and 0.015% of that portion of the aggregate net assets of all the Participating Portfolios that exceeds \$150 billion. (The funds that are not Participating Portfolios are the funds of funds in the complex, which benefit

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from such overall management fee waiver through their investment in underlying portfolios that include Participating Portfolios that are subject to the Reimbursement.) The Board also considered the Advisor's overall operations and its ongoing investment in its business in order to expand the scale of, and improve the quality of, its operations that benefit the fund. The Board also noted that although the fund does not have breakpoints in its contractual management fee schedule, the fund's total expenses are lower than the peer group median. The Board determined that the management fee structure for the fund was reasonable.

Approval of Subadvisory Agreement

In making its determination with respect to approval of the Subadvisory Agreement, the Board reviewed:

- (1) information relating to the Subadvisor's business, including current subadvisory services to the fund (and other funds in the John Hancock family of funds);
- (2) the historical and current performance of the fund and comparative performance information relating to an applicable benchmark index and comparable funds;

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(3) the subadvisory fee for the fund and to the extent available, comparative fee information proposed by an independent third party of fund data; and

(4) information relating to the nature and scope of any material relationships and their significance to the fund's Advisor and Subadvisor.

Nature, extent, and quality of services. With respect to the services provided by the Subadvisor, the Board received information provided to the Board by the Subadvisor, including the Subadvisor's Form ADV, as well as took into account information presented throughout the past year. The Board considered the Subadvisor's current level of staffing and its overall resources, as well as received information relating to the Subadvisor's compensation program. The Board reviewed the Subadvisor's history and investment experience, as well as information regarding the qualifications, background, and responsibilities of the Subadvisor's investment and compliance personnel who provide services to the fund. The Board also considered, among other things, the Subadvisor's compliance program and any disciplinary history. The Board also considered the Subadvisor's risk assessment and monitoring process. The Board reviewed the Subadvisor's regulatory history, including whether it was involved in any regulatory actions or investigations as well as material litigation, and any settlements and amelioratory actions undertaken, as appropriate. The Board noted that the Advisor conducts regular, periodic reviews of the Subadvisor and its operations, including regarding investment processes and organizational and staffing matters. The Board also noted that the fund's CCO and his staff conduct regular, periodic compliance reviews with the Subadvisor and present reports to the Independent Trustees regarding the same, which includes evaluating the regulatory compliance systems of the Subadvisor and procedures reasonably designed to assure compliance with the federal securities laws. The Board also took into account the financial condition of the Subadvisor.

The Board considered the Subadvisor's investment process and philosophy. The Board took into account that the Subadvisor's responsibilities include the development and maintenance of an investment program for the fund that is consistent with the fund's investment objective, the selection of investment securities and the placement of orders for the purchase and sale of such securities, as well as the implementation of compliance controls related to performance of these services. The Board also received information with respect to the Subadvisor's brokerage policies and practices, including with respect to best execution and soft dollars.

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Subadvisor compensation. In considering the cost of services to be provided by the Subadvisor and the profitability to the Subadvisor of its relationship with the fund, the Board noted that the fees under the Subadvisory Agreement are paid by the Advisor and not the fund. The Board also relied on the ability of the Advisor to negotiate the Subadvisory Agreement with the Subadvisor and the fees thereunder at arm's length. As a result, the costs of the services to be provided and the profits to be realized by the Subadvisor from its relationship with the fund were not a material factor in the Board's consideration of the Subadvisory Agreement.

The Board also received information regarding the nature and scope (including their significance to the Advisor and its affiliates and to the Subadvisor) of any material relationships, if any, with respect to the Subadvisor, which include arrangements in which the Subadvisor or its affiliates provide advisory, distribution, or management services in connection with financial products sponsored by the Advisor or its affiliates, and may include other registered investment companies, a 529 education savings plan, managed separate accounts and exempt group annuity contracts sold to qualified plans. The Board also received information and took into account any other potential conflicts of interest the Advisor might have in connection with the Subadvisory Agreement.

In addition, the Board considered other potential indirect benefits that the Subadvisor and its affiliates may receive from the Subadvisor's relationship with the fund, such as the opportunity to provide advisory services to additional funds in the John Hancock fund complex and reputational benefits.

Subadvisory fee. The Board considered that the fund pays an advisory fee to the Advisor and that, in turn, the Advisor pays a subadvisory fee to the Subadvisor. As noted above, the Board also considered the fund's subadvisory fee as compared to similarly situated investment companies deemed to be comparable to the fund as

included in the report prepared by the independent third party provider of fund data, to the extent available. The Board noted that the limited size of the peer group was not sufficient for comparative purposes. The Board also took into account the subadvisory fee paid by the Advisor to the Subadvisor with respect to the fund to fees charged by the Subadvisor to manage other subadvised portfolios and portfolios not subject to regulation under the 1940 Act, as applicable.

Subadvisor performance. As noted above, the Board considered the fund's performance as compared to the fund's peer group and the benchmark index and noted that the Board reviews information about the fund's performance results at its regularly scheduled meetings. The Board noted the Advisor's expertise and resources in monitoring the performance, investment style and risk-adjusted performance of the Subadvisor. The Board was mindful of the Advisor's focus on the Subadvisor's performance. The Board also noted the Subadvisor's long-term performance record for similar accounts, as applicable.

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The Board's decision to approve the Subadvisory Agreement was based on a number of determinations, including the following:

- (1) the Subadvisor has extensive experience and demonstrated skills as a manager;
- (2) the fund's performance based on net asset value has generally outperformed the historical performance of comparable funds, and that the fund's performance is being monitored and reasonably addressed, where appropriate; and
- (3) the subadvisory fee is reasonable in relation to the level and quality of services being provided.

* * *

Based on the Board's evaluation of all factors that the Board deemed to be material, including those factors described above, the Board, including the Independent Trustees, concluded that renewal of the Advisory Agreement and the Subadvisory Agreement would be in the best interest of the fund and its shareholders. Accordingly, the Board, and the Independent Trustees voting separately, approved the Advisory Agreement and Subadvisory Agreement for an additional one-year period.

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More information

Trustees

James M. Oates,
Chairperson
Steven R. Pruchansky,
Vice Chairperson
Charles L. Bardelis*
Craig Bromley†
Peter S. Burgess*
William H. Cunningham
Grace K. Fey

Officers

Andrew G. Arnott
President

John J. Danello
*Senior Vice President, Secretary,
and Chief Legal Officer*

Francis V. Knox, Jr.
Chief Compliance Officer

Investment advisor

John Hancock Advisers, LLC

Subadvisor

Wellington Management
Company LLP

Custodian

State Street Bank and
Trust Company

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Theron S. Hoffman*
Deborah C. Jackson
Hassell H. McClellan
Gregory A. Russo
Warren A. Thomson†

Charles A. Rizzo
Chief Financial Officer

Salvatore Schiavone
Treasurer

Transfer agent
Computershare Shareowner
Services, LLC

Legal counsel
K&L Gates LLP

*Member of the
Audit Committee

†Non-Independent Trustee

Stock symbol
Listed New York Stock
Exchange: HEQ

For shareholder assistance refer to page 39

You can also contact us:

800-852-0218
jhinvestments.com

Regular mail:
Computershare
P.O. Box 30170
College Station, TX 77842-3170

The fund's proxy voting policies and procedures, as well as the fund's proxy voting record for the most recent twelve-month period ended June 30, are available free of charge on the Securities and Exchange Commission (SEC) website at sec.gov or on our website.

The fund's complete list of portfolio holdings, for the first and third fiscal quarters, is filed with the SEC on Form N-Q. The fund's Form N-Q is available on our website and the SEC's website, sec.gov, and can be reviewed and copied (for a fee) at the SEC's Public Reference Room in Washington, DC. Call 800-SEC-0330 to receive information on the operation of the SEC's Public Reference Room.

We make this information on your fund, as well as **monthly portfolio holdings**, and other fund details available on our website at jhinvestments.com or by calling 800-852-0218.

The report is certified under the Sarbanes-Oxley Act, which requires closed-end funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

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ITEM 2. CODE OF ETHICS.

Not applicable at this time.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable at this time.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable at this time.

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) Not applicable.

(b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

| Period | Total number of shares purchased | Average price per share | Total number of shares purchased as part of publicly announced plans* | Maximum number of shares that may yet be purchased under the plans |
|---------------|---|--------------------------------|--|---|
| Jan-14 | 17,899 | \$ 17.124 | 17,899 | 1,355,339* |

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| | | | | |
|--------|--------|-----------|--------|-----------|
| Feb-14 | 28,565 | 17.471 | 28,565 | 1,326,774 |
| Mar-14 | 48,402 | 17.430 | 48,402 | 1,278,372 |
| Apr-14 | - | - | - | 1,278,372 |
| May-14 | - | - | - | 1,278,372 |
| Jun-14 | - | - | - | 1,278,372 |
| Total | 94,866 | \$ 17.385 | | |

*On December 12, 2012, the Board of Trustees approved a share repurchase plan (the Repurchase Plan). Under the Repurchase Plan, the Fund was allowed to purchase, in the open market, up to 10% of its outstanding common shares between January 1, 2013 and December 31, 2013 (based on common shares outstanding as of December 31, 2012). On December 18, 2013, the Board of Trustees approved a share repurchase plan (the Repurchase Plan). Under the

Repurchase Plan, the Fund was allowed to purchase, in the open market, up to 10% of its outstanding common shares between January 1, 2014 and December 31, 2014 (based on common shares outstanding as of December 31, 2013).

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The registrant has adopted procedures by which shareholders may recommend nominees to the registrant's Board of Trustees. A copy of the procedures is filed as an exhibit to this Form N-CSR. See attached "John Hancock Funds – Nominating, Governance and Administration Committee Charter."

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal executive officer and principal financial officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

(b) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and Rule 30a-2(b) under the Investment Company Act of 1940, are attached. The certifications furnished pursuant to this

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paragraph are not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certifications are not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Registrant specifically incorporates them by reference.

(c)(1) Submission of Matters to a Vote of Security Holders is attached. See attached "John Hancock Funds – Nominating, Governance and Administration Committee Charter."

(c)(2) Contact person at the registrant.

(c)(3) Registrant's notices to shareholders pursuant to Registrant's exemptive order granting an exemption from Section 19(b) of the Investment Company Act of 1940, as amended and Rule 19b-1 thereunder regarding distributions made pursuant to the Registrant's Managed Distribution Plan.

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.

John Hancock Hedged Equity & Income Fund

By: /s/ Andrew Arnott

Andrew Arnott
President

Date: August 6, 2014

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/ Andrew Arnott

Andrew Arnott
President

Date: August 6, 2014

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By: /s/ Charles A. Rizzo

Charles A. Rizzo
Chief Financial Officer

Date: August 6, 2014