

John Hancock Hedged Equity & Income Fund  
Form N-CSR  
January 05, 2012

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: October 31

Date of reporting period: October 31, 2011

**Item 1. Schedule of Investments.**

## 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 1.8125% of the Fund's net asset value (NAV) as of each measuring date, based upon an annual rate of 7.25% as of such measuring dates. The amount of each quarterly distribution declared under the Plan will be based on the NAV of the Fund at the close of the New York Stock Exchange on the last business day of the month ending two months prior to each quarterly declaration date. The Fund may also make additional distributions (i) for purposes of avoiding 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 avoiding federal excise tax of ordinary income and capital gain net income, if any, not included in such regular distributions.

Although the Fund has adopted the Plan, it may discontinue the Plan. 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 being 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".

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### Management's discussion of

## Fund performance

By Wellington Management Company, LLP

**During the** period since the Fund's inception on May 26, 2011 through the end of October, the global financial markets experienced tremendous volatility. Equities tumbled early in the period amid rising risk aversion and concerns that the world economy could slip back into recession. Equities surged higher in October however, partially offsetting these losses. For the period from inception through October 31, 2011, John Hancock Hedged Equity & Income Fund posted a total return of -8.98% at net asset value (NAV) and -22.33% at market price. The Fund's NAV return and its market performance differ because the market share price is subject to the dynamics of secondary market trading, which could cause it to trade at a discount or premium to the Fund's NAV price at any time. The Fund's benchmark, the Russell 3000 Index, returned -5.28% in the same period. The Fund's annualized distribution rate was 8.53% at NAV and 9.55% at closing market price on October 31, 2011. The first distribution consisted of 94% return of capital and 6% net investment income. The options strategy overall produced negative returns and detracted from performance. The downside equity market protection component of the options strategy generated positive results during the period as the S&P 500 Index declined. However, the premium income received from writing call options was more than offset by losses on these options when the equity market rallied at certain points during the period.

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Within the equity strategy, stocks from the information technology, energy, industrials, and consumer staples sectors underperformed those of the index. Switzerland-based financial service company UBS AG and Brazil's largest vertically integrated oil and gas company Petrobras (Petroleo Brasileiro S.A.) were among the top detractors from relative performance. Stocks within the consumer discretionary and financials sectors helped relative returns. Cisco Systems, Inc., a global supplier of networking equipment, and eBay, Inc., a provider of online marketplaces and payment solutions, were among the top contributors.

This commentary reflects the views of the portfolio managers through the end of the Fund's period discussed in this report. The managers' statements reflect their own opinions. As such, they are in no way guarantees of future events, and are not intended to be used as investment advice or a recommendation regarding any specific security. They are also subject to change at any time as market and other conditions warrant.

### **Past performance is no guarantee of future results.**

The extent of the Fund's use of written call options and put option spreads may vary over time depending on the subadviser's assessment of market circumstances and other factors. A call option is in-the-money if the price of the underlying security is above the strike price and is out-of-the-money if the price of the underlying security is below the strike price. A put option is in-the-money if the price of the underlying security is below the strike price. Call and put option statistics are subject to change due to active management.

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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# Portfolio summary

## **Top 10 Holdings (14.6% of Net Assets on 10-31-11)<sup>1,2</sup>**

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Apple, Inc.	2.0%	Wells Fargo & Company	1.5%
Occidental Petroleum Corp.	1.9%	Oracle Corp.	1.1%
PepsiCo, Inc.	1.7%	The Western Union Company	1.1%
Cisco Systems, Inc.	1.7%	Omnicom Group, Inc.	1.0%
Microsoft Corp.	1.6%	General Dynamics Corp.	1.0%

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## **Sector Composition<sup>1,3</sup>**

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Information Technology	21%	Consumer Staples	7%
Consumer Discretionary	16%	Options Purchased	6%

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<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Industrials</td> <td style="text-align: right;">14%</td> </tr> </table>	Industrials	14%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Materials</td> <td style="text-align: right;">3%</td> </tr> </table>	Materials	3%
Industrials	14%				
Materials	3%				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Financials</td> <td style="text-align: right;">11%</td> </tr> </table>	Financials	11%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Utilities</td> <td style="text-align: right;">2%</td> </tr> </table>	Utilities	2%
Financials	11%				
Utilities	2%				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Energy</td> <td style="text-align: right;">9%</td> </tr> </table>	Energy	9%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Telecommunication Services</td> <td style="text-align: right;">1%</td> </tr> </table>	Telecommunication Services	1%
Energy	9%				
Telecommunication Services	1%				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Health Care</td> <td style="text-align: right;">9%</td> </tr> </table>	Health Care	9%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Short-Term Investments &amp; Other</td> <td style="text-align: right;">1%</td> </tr> </table>	Short-Term Investments & Other	1%
Health Care	9%				
Short-Term Investments & Other	1%				

<sup>1</sup> As a percentage of net assets on 10-31-11.

<sup>2</sup> Excludes cash and cash equivalents.

<sup>3</sup> 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 10-31-11

	Shares	Value
<b>Common Stocks 92.53%</b>		<b>\$229,851,147</b>
(Cost \$245,959,461)		
<b>Consumer Discretionary 16.12%</b>		<b>40,052,350</b>
<b>Auto Components 0.23%</b>		
Gentex Corp.	11,500	346,380
Johnson Controls, Inc.	7,000	230,510
<b>Automobiles 0.31%</b>		

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Harley-Davidson, Inc.	18,705	727,625
Hyundai Motor Company, Ltd.	278	56,391
<b>Distributors 0.02%</b>		
LKQ Corp. (I)	2,000	58,360
<b>Diversified Consumer Services 0.60%</b>		
Allstar Co-Invest Block Feeder LLC (I)(R)	236,300	236,300
Apollo Group, Inc., Class A (I)	7,780	368,383
Matthews International Corp., Class A	11,880	417,463
Weight Watchers International, Inc.	6,290	469,360
<b>Hotels, Restaurants &amp; Leisure 1.67%</b>		
CEC Entertainment, Inc.	9,780	309,244
Chipotle Mexican Grill, Inc. (I)	500	168,060
Choice Hotels International, Inc.	9,080	324,973
Las Vegas Sands Corp. (I)	7,750	363,863
McDonald's Corp.	10,940	1,015,779
Sonic Corp. (I)	136,250	1,009,613
Starbucks Corp.	19,944	844,429
Wynn Macau, Ltd.	19,200	52,726
Wynn Resorts, Ltd.	500	66,400
<b>Household Durables 0.96%</b>		
Jarden Corp.	8,200	262,646

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NVR, Inc. (I)	2,115	1,359,416
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Tempur-Pedic International, Inc. (I)	11,080	754,105
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**Internet & Catalog Retail 1.02%**

Amazon.com, Inc. (I)	7,132	1,522,753
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Blue Nile, Inc. (I)	8,170	368,712
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priceline.com, Inc. (I)	1,111	564,077
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Shutterfly, Inc. (I)	1,700	70,839
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	<b>Shares</b>	<b>Value</b>
<b>Leisure Equipment &amp; Products 1.33%</b>		

Brunswick Corp.	13,600	\$240,176
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Hasbro, Inc.	17,990	684,699
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Mattel, Inc. (C)	83,326	2,353,126
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Polaris Industries, Inc.	600	38,004
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**Media 3.15%**

Arbitron, Inc.	17,090	678,986
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Comcast Corp., Class A	92,640	2,172,408
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DIRECTV, Class A (I)	5,263	239,256
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News Corp., Class A	19,226	336,840
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Omnicom Group, Inc.	58,360	2,595,853
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Sirius XM Radio, Inc. (I)	228,738	409,441
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The Walt Disney Company	39,599	1,381,213
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<b>Multiline Retail 1.11%</b>		
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Fred's, Inc., Class A	29,800	363,262
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Target Corp. (C)	43,633	2,388,907
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<b>Specialty Retail 4.23%</b>		
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Abercrombie & Fitch Company, Class A	8,250	613,800
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Advance Auto Parts, Inc.	9,510	618,816
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Ascena Retail Group, Inc. (I)	14,170	409,513
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Bed Bath & Beyond, Inc. (I)	4,203	259,914
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CarMax, Inc. (I)	4,560	137,074
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Express, Inc.	14,600	329,814
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GNC Holdings, Inc., Class A (I)	7,300	180,675
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Home Depot, Inc. (C)	51,440	1,841,552
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Limited Brands, Inc.	2,500	106,775
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Lowe's Companies, Inc. (C)	104,413	2,194,761
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Monro Muffler Brake, Inc.	8,335	309,145
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PetSmart, Inc.	5,019	235,642
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Ross Stores, Inc.	8,791	771,234
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Stage Stores, Inc.	35,910	561,273

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The Buckle, Inc.	3,979	177,304
The Cato Corp., Class A	24,380	624,859
The Children's Place Retail Stores, Inc. (I)	3,500	164,325
TJX Companies, Inc.	8,351	492,124
Tractor Supply Company	1,000	70,940
Urban Outfitters, Inc. (I)	14,570	397,033

**Textiles, Apparel & Luxury Goods 1.49%**

Burberry Group PLC	14,963	320,221
Coach, Inc.	16,643	1,082,960
Deckers Outdoor Corp. (I)	6,928	798,383
Fossil, Inc. (I)	474	49,135
Hanesbrands, Inc. (I)	12,700	334,899
Lululemon Athletica, Inc. (I)	11,035	623,257
Ralph Lauren Corp.	1,838	291,856
Skechers U.S.A., Inc., Class A (I)	14,340	204,488

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	<b>Shares</b>	<b>Value</b>
<b>Consumer Staples 6.79%</b>		<b>\$16,854,135</b>

**Beverages 2.16%**



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Molson Coors Brewing Company, Class B	28,380	1,201,609
PepsiCo, Inc. (C)	66,356	4,177,110
<b>Food &amp; Staples Retailing 1.65%</b>		
Casey's General Stores, Inc.	9,540	472,707
CVS Caremark Corp.	52,477	1,904,915
Shoprite Holdings, Ltd.	2,534	36,940
Sysco Corp. (C)	60,550	1,678,446
<b>Food Products 2.16%</b>		
Diamond Foods, Inc.	1,400	92,050
General Mills, Inc.	33,810	1,302,699
Green Mountain Coffee Roasters, Inc. (I)	8,920	579,978
Kraft Foods, Inc., Class A	50,570	1,779,053
Mead Johnson Nutrition Company	900	64,665
Ralcorp Holdings, Inc. (I)	5,600	452,704
Unilever NV — NY Shares	31,400	1,084,242
<b>Household Products 0.05%</b>		
Colgate-Palmolive Company (C)	1,280	115,674
<b>Tobacco 0.77%</b>		
Altria Group, Inc.	2,700	74,385
Lorillard, Inc.	550	60,863
Philip Morris International, Inc.	25,420	1,776,095

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**Energy 9.39%** **23,318,556**

**Energy Equipment & Services 1.22%**

Baker Hughes, Inc.	3,594	208,416
Bristow Group, Inc.	6,360	316,601
Cameron International Corp. (I)	7,838	385,159
Core Laboratories NV	2,325	251,705
Diamond Offshore Drilling, Inc.	6,612	433,350
McDermott International, Inc. (I)	18,725	205,601
Oceaneering International, Inc.	7,443	311,341
Schlumberger, Ltd.	7,660	562,780
SEACOR Holdings, Inc.	4,000	340,600

**Oil, Gas & Consumable Fuels 8.17%**

Alpha Natural Resources, Inc. (I)	5,200	125,008
Anadarko Petroleum Corp.	18,637	1,463,005
Apache Corp.	6,460	643,610
BG Group PLC	90,791	1,967,519
Bumi PLC (I)	7,465	88,668
Cabot Oil & Gas Corp.	2,400	186,528
Canadian Natural Resources, Ltd.	5,099	180,250
Chesapeake Energy Corp.	8,000	224,960

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Chevron Corp.	17,450	1,833,123
Consol Energy, Inc.	5,300	226,628
EOG Resources, Inc.	8,040	719,017
Exxon Mobil Corp. (C)	29,977	2,340,904
Georesources, Inc. (I)	9,840	261,154

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	Shares	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
Occidental Petroleum Corp.	51,665	\$4,801,745
Peabody Energy Corp.	4,100	177,817
Penn Virginia Corp.	19,100	116,319
Petroleo Brasileiro S.A., ADR	78,698	2,125,633
Plains Exploration & Production Company (I)	7,980	251,370
Royal Dutch Shell PLC, ADR, Class B	23,690	1,700,942
Valero Energy Corp.	20,128	495,149
Vallares PLC (I)	8,138	130,197
Whiting Petroleum Corp. (I)	5,230	243,457
<b>Financials 11.03%</b>		<b>27,394,321</b>
<b>Capital Markets 2.25%</b>		
Ares Capital Corp.	29,170	451,260

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BlackRock, Inc.	10,140	1,599,991
CETIP SA — Balcao Organizado de Ativos e Derivativos	19,655	271,325
Greenhill & Company, Inc.	18,070	682,685
Invesco, Ltd.	17,005	341,290
SEI Investments Company	71,055	1,150,380
T. Rowe Price Group, Inc.	12,910	682,164
UBS AG (C)(I)	33,270	419,867
<b>Commercial Banks 4.55%</b>		
Cullen/Frost Bankers, Inc.	23,265	1,140,916
First Midwest Bancorp, Inc.	38,990	351,300
First Republic Bank (I)	18,345	508,157
Hancock Holding Company	9,040	273,912
International Bancshares Corp.	28,900	523,668
M&T Bank Corp.	18,475	1,406,132
MB Financial, Inc.	16,600	275,062
PNC Financial Services Group, Inc.	22,710	1,219,754
U.S. Bancorp	51,630	1,321,212
Webster Financial Corp.	23,680	465,075
Wells Fargo & Company (C)	140,974	3,652,636
Westamerica Bancorp.	3,600	161,352

**Consumer Finance 0.16%**

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American Express Company	7,766	393,115
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**Diversified Financial Services 0.87%**

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IntercontinentalExchange, Inc. (I)	1,100	142,868
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JPMorgan Chase & Company (C)	52,820	1,836,023
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Justice Holdings, Ltd. (I)	12,957	192,307
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**Insurance 2.66%**

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ACE, Ltd.	22,240	1,604,616
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Alleghany Corp. (I)	900	285,588
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Assured Guaranty, Ltd.	15,800	201,292
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Delphi Financial Group, Inc., Class A	21,730	575,410
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Marsh & McLennan Companies, Inc.	72,530	2,220,869
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Platinum Underwriters Holdings, Ltd.	11,100	384,393
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Primerica, Inc.	17,650	399,420
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Reinsurance Group of America, Inc.	10,980	573,485
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White Mountains Insurance Group, Ltd.	860	361,200
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	<b>Shares</b>	<b>Value</b>
<b>Real Estate Investment Trusts 0.19%</b>		
DiamondRock Hospitality Company	32,850	\$297,293

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Mack-Cali Realty Corp.	6,020	168,921
<b>Real Estate Management &amp; Development 0.04%</b>		
Daito Trust Construction Company, Ltd.	1,000	88,811
<b>Thriffs &amp; Mortgage Finance 0.31%</b>		
First Niagara Financial Group, Inc.	28,460	261,547
Northwest Bancshares, Inc.	40,820	509,025
<b>Health Care 9.14%</b>		<b>22,714,302</b>
<b>Biotechnology 1.68%</b>		
Alexion Pharmaceuticals, Inc. (I)	4,110	277,466
Amgen, Inc.	9,694	555,175
Amylin Pharmaceuticals, Inc. (I)	5,100	58,752
Biogen Idec, Inc. (I)	8,250	959,970
Celgene Corp. (I)	13,300	862,239
Gilead Sciences, Inc. (I)	22,604	941,683
Vertex Pharmaceuticals, Inc. (I)	13,290	526,151
<b>Health Care Equipment &amp; Supplies 2.02%</b>		
Edwards Lifesciences Corp. (I)	6,000	452,520
Gen-Probe, Inc. (I)	6,600	396,660
Haemonetics Corp. (I)	3,090	188,336
Hologic, Inc. (I)	34,220	551,626

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Intuitive Surgical, Inc. (I)	2,296	996,143
Medtronic, Inc. (C)	70,044	2,433,329
<b>Health Care Providers &amp; Services 1.68%</b>		
Aetna, Inc.	5,700	226,632
AmerisourceBergen Corp.	6,928	282,662
Amsurg Corp. (I)	18,120	458,980
Cardinal Health, Inc.	14,519	642,756
Humana, Inc.	800	67,912
Laboratory Corp. of America Holdings (I)	2,106	176,588
UnitedHealth Group, Inc.	48,537	2,329,291
<b>Health Care Technology 0.13%</b>		
Cerner Corp. (I)	1,200	76,116
SXC Health Solutions Corp. (I)	5,300	248,146
<b>Life Sciences Tools &amp; Services 1.36%</b>		
Agilent Technologies, Inc. (I)	22,690	841,118
Bruker Corp. (I)	11,273	162,669
Charles River Laboratories International, Inc. (I)	15,310	494,207
ICON PLC, ADR (I)	34,530	580,104
Life Technologies Corp. (I)	12,296	500,078
Waters Corp. (I)	9,860	789,983
<b>Pharmaceuticals 2.27%</b>		

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Abbott Laboratories	4,641	250,011
AstraZeneca PLC, ADR	15,490	742,126
Auxilium Pharmaceuticals, Inc. (I)	6,000	93,360
Eli Lilly & Company	2,060	76,550
Johnson & Johnson	24,050	1,548,580

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	<b>Shares</b>	<b>Value</b>
<b>Pharmaceuticals (continued)</b>		
Merck & Company, Inc.	43,450	\$1,499,025
Pfizer, Inc. (C)	69,130	1,331,444
Salix Pharmaceuticals, Ltd. (I)	2,800	95,914
<b>Industrials 13.93%</b>		<b>34,608,208</b>
<b>Aerospace &amp; Defense 3.16%</b>		
General Dynamics Corp. (C)	38,184	2,451,031
Honeywell International, Inc.	7,280	381,472
Lockheed Martin Corp.	25,231	1,915,033
Northrop Grumman Corp. (C)	30,815	1,779,566
Rockwell Collins, Inc.	7,830	437,149
The Boeing Company	12,959	852,573



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TransDigm Group, Inc. (I)	400	37,568
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**Air Freight & Logistics 1.17%**

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FedEx Corp.	5,970	488,525
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United Parcel Service, Inc., Class B	34,386	
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