

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
January 14, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-05992

JAPAN SMALLER CAPITALIZATION FUND, INC.

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(Exact name of registrant as specified in charter)

Two World Financial Center  
Building B, 18th Floor  
New York, New York 10281-1712

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(Address of principal executive offices)

Shigeru Shinohara  
Japan Smaller Capitalization Fund, Inc.  
Two World Financial Center  
Building B, 18th Floor  
New York, New York 10281-1712

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(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 833-0018

Date of fiscal year end: February 28, 2011

Date of reporting period: September 1, 2010 – November 30, 2010

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## Item 1. Schedule of Investments.

JAPAN SMALLER CAPITALIZATION FUND, INC.  
 SCHEDULE OF INVESTMENTS  
 IN SECURITIES OF UNAFFILIATED ISSUERS  
 November 30, 2010

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
<b>COMMON STOCKS</b>					
Automotive Equipment and Parts					
Hino Motors, Ltd	405,000	\$1,332,426	\$2,001,735	\$669,309	1.1
Diesel buses and trucks					
Musashi Seimitsu Industry Co., Ltd	80,900	1,319,584	1,993,455	673,871	1.1
Ball joints, camshafts, and gears					
Nissin Kogyo Co., Ltd	104,000	1,440,794	1,771,087	330,293	1.0
Brake systems					
Total Automotive Equipment and Parts		4,092,804	5,766,277	1,673,473	3.1
Banks and Finance					
The Aichi Bank, Ltd	32,000	2,836,496	1,843,944	(992,552 )	1.0
General banking services					
The Keiyo Bank, Ltd	395,000	1,895,424	1,853,040	(42,384 )	1.0
General banking services					
The San-in Godo Bank, Ltd	268,000	2,302,964	1,773,624	(529,340 )	1.0
General banking services					
Total Banks and Finance		7,034,884	5,470,608	(1,564,276)	3.0
Chemicals and Pharmaceuticals					
Daicel Chemical Industries, Ltd	330,000	1,690,713	2,251,077	560,364	1.2
Organic/inorganic chemicals					
Hitachi Chemical Company, Ltd	208,400	3,874,052	3,868,219	(5,833 )	2.1
Semiconductor materials					
Miraca Holdings Inc	62,100	1,811,979	2,208,727	396,748	1.2
Medical drugs and equipment					
Rohto Pharmaceutical Co., Ltd	189,000	2,100,041	2,074,114	(25,927 )	1.1
Pharmaceuticals manufacturer					
Sawai Pharmaceutical Co., Ltd	20,400	1,479,822	1,745,572	265,750	1.0
Prescription and generic drugs					
Total Chemicals and Pharmaceuticals		10,956,607	12,147,709	1,191,102	6.6
Electronics					
Funai Electric Co., Ltd	62,200	1,843,165	2,117,003	273,838	1.2
Audio-visual equipment					
Fuji Machine Mfg. Co., Ltd	135,700	1,975,399	2,322,295	346,896	1.2
Automated assembly machines					
Sanshin Electronics Co., Ltd	225,300	2,575,850	1,760,662	(815,188 )	1.0

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Semiconductors					
Yaskawa Electric Corporation	389,000	2,505,715	3,375,120	869,405	1.8
Servomotors and industrial robots					
Total Electronics		8,900,129	9,575,080	674,951	5.2
Food Manufacturing					
Fuji Oil Co., Ltd	172,600	2,233,847	2,346,501	112,654	1.2
Mushrooms					
Information and Software					
Network solutions					
Itochu Techno-Solutions Corporation	137,900	4,556,529	4,975,688	419,159	2.7
Computer network systems developer					
Otsuka Corporation	85,000	5,266,843	5,523,576	256,733	3.0
Computer information system developer					
Total Information and Software		9,823,372	10,499,264	675,892	5.7
Iron and Steel					
Hanwa Co., Ltd	480,000	1,878,958	1,826,711	(52,247 )	1.0
Steel imports/exports					
Neturen Co., Ltd	263,300	2,359,421	1,963,091	(396,330 )	1.1
Induction hardening equipment					
Total Iron and Steel		4,238,379	3,789,802	(448,577 )	2.1

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November 30, 2010

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
Machinery and Machine Tools					
Misumi Group Inc	108,900	\$1,788,605	\$2,468,365	\$679,760	1.2
Precision machinery parts					
Miscellaneous Manufacturing					
Daiichikosho Co., Ltd	99,300	1,503,554	1,765,914	262,360	1.0
Karaoke equipment					
Kansai Paint Co., Ltd	191,000	1,304,979	1,748,624	443,645	1.0
Paint					
Nihon Kohden Corporation	136,600	2,002,201	2,654,840	652,639	1.3
Medical equipment					
Toyo Tanso Co., Ltd	33,900	1,762,036	1,852,005	89,969	1.0
Carbon and graphite					
Total Miscellaneous Manufacturing		6,572,770	8,021,383	1,448,613	4.3
Real Estate and Warehouse					
Sekisui Chemical Co., Ltd	382,000	2,572,912	2,628,650	55,738	1.5
Prefabricated residential housing					
Sumitomo Real Estate Sales Co., Ltd	52,050	2,005,965	2,261,148	255,183	1.2
Brokerage Services					
Total Real Estate and Warehouse		4,578,877	4,889,798	310,921	2.7
Retail					
Don Quijote Co., Ltd	86,800	2,196,564	2,508,641	312,077	1.4
Discount stores					
Heiwado Co., Ltd	152,400	1,911,404	1,838,430	(72,974 )	1.0
Supermarkets					
Xebio Co., Ltd	108,400	2,181,451	2,189,794	8,343	1.1
Sporting goods					
Total Retail		6,289,419	6,536,865	247,446	3.5
Services					
Daiseki Co., Ltd	99,000	2,058,615	1,861,285	(197,330 )	1.0
Waste disposal					
Fuyo General Lease Co., Ltd	73,200	1,300,738	2,152,374	851,636	1.1
Machinery Leasing					
NEC Networks & System Integration					
Corporation	203,600	2,520,282	2,404,897	(115,385 )	1.3
Communication systems					
Park24 Co., Ltd	357,800	3,776,362	3,425,562	(350,800 )	1.9

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Parking garages					
Total Services		9,655,997	9,844,118	188,121	5.3
Telecommunications					
Hitachi Kokusai Electric Inc	232,000	1,835,498	2,126,759	291,261	1.2
Wireless communication equipment					
Textiles and Apparel					
ABC-Mart, Inc	79,400	2,745,414	2,695,761	(49,653 )	1.5
Shoes					
Transportation					
Kintetsu World Express Inc	75,700	1,854,681	1,937,797	83,116	1.1
Distribution services					
Senko Co., Ltd	649,000	2,215,169	1,871,817	(343,352 )	1.0
Trucking and warehousing					
Total Transportation		4,069,850	3,809,614	(260,236 )	2.1
TOTAL INVESTMENTS IN COMMON STOCKS		\$84,816,452	\$89,987,904	\$5,171,452	48.7

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 SCHEDULE OF INVESTMENTS  
 IN SECURITIES OF UNAFFILIATED ISSUERS  
 November 30, 2010

	Principal	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
INVESTMENTS IN FOREIGN CURRENCY					
Mizuho Corporate Bank, Ltd.					
	JPY				
Non- interest bearing account	105,669,116	\$ 1,252,966	\$ 1,264,590	\$ 11,624	0.7
TOTAL INVESTMENTS IN FOREIGN CURRENCY		1,252,966	1,264,590	11,624	0.7
TOTAL INVESTMENTS		\$ 86,069,418	\$ 91,252,494	\$ 5,183,076	49.4
OTHER ASSETS LESS LIABILITIES, NET			93,371,116		50.6
			\$ 184,623,610		100.0

+ Non-Income Producing Security.

\* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$9,172,371.

Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$ 3,989,295.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2010.

Japanese Yen    83.560            =\$1.00

Item 2. Controls and Procedures.

(a) The Registrant's Principal Executive Officer and Principal Financial Officer evaluated the Registrant's disclosure controls and procedures within 90 days of the filing of this report and concluded that they were effective in providing reasonable assurance that the information required to be disclosed by the Registrant in its reports or statements filed under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

(b) There were no changes in the Registrant's internal control over financial reporting that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

(a) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as an exhibit.

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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.

JAPAN SMALLER CAPITALIZATION FUND, INC.

By: /s/ Shigeru Shinohara  
Shigeru Shinohara, President  
(Principal Executive Officer)

Date: January 14, 2011

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 person on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Rita Chopra-Brathwaite  
Rita Chopra-Brathwaite, Treasurer  
(Principal Financial Officer)

Date: January 14, 2011