

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
January 29, 2016  
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)

Worldwide Plaza  
309 West 49th St  
New York, New York 10019

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(Address of principal executive offices)

Mr. Yutaka Itabashi  
Japan Smaller Capitalization Fund, Inc.  
Worldwide Plaza  
309 West 49th St  
New York, New York 10019

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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 29, 2016

Date of reporting period: September 1, 2015 – November 30, 2015

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Item 1. Schedule of Investments  
Japan Smaller Capitalization Fund, Inc.  
November 30, 2015 (Unaudited)

	Shares	Fair Value
<b>JAPANESE EQUITY SECURITIES (97.6%)</b>		
<b>Banks</b>		
The Akita Bank, Ltd. General banking services	1,378,000	\$4,886,683
The Daishi Bank, Ltd. General banking services	358,000	1,589,110
Kyushu Financial Group, Inc.† General banking services	60	456
The Taiko Bank, Ltd. General banking services	1,353,000	2,678,991
The Yamanashi Chuo Bank, Ltd. General banking services	1,471,000	7,651,635
<b>Total Banks (4.9%)</b>		<b>16,806,875</b>
<b>Chemicals</b>		
C. Uyemura & Co., Ltd. Plating chemicals	100,700	4,331,007
Fujikura Kasei Co., Ltd. Specialty coating materials and fine chemicals	892,200	4,076,188
Fuso Chemical Co., Ltd. Manufactures fruit acids, electronic and functional chemical products	9,500	128,203
JSR Corporation Manufactures synthetic resin products	161,300	2,536,715
Koatsu Gas Kogyo Co., Ltd. High-pressured gases and chemicals	398,000	2,170,381
Sakai Chemical Industry Co., Ltd. Manufactures components for cosmetics and pharmaceuticals	2,392,000	8,191,382
Sekisui Jushi Corporation Manufactures plastics and other resin materials	211,800	2,846,229
Soken Chemical & Engineering Co., Ltd. Manufactures chemical products	269,900	2,295,344
Shikoku Chemicals Corporation Manufactures chemical products	34,000	309,843
Takiron Co., Ltd. Manufactures resin and composite products	425,000	1,993,427
Tenma Corporation Manufactures synthetic resin products	225,200	4,256,194
Teraoka Seisakusho Co., Ltd. Manufactures various adhesive tapes	343,000	1,274,803
T&K Toka Co., Ltd. Manufactures specialized inks for printing applications	41,500	790,396
Yushiro Chemical Industry Co., Ltd. Manufactures metalworking fluids	50,500	603,230

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Zeon Corporation	201,000	1,609,892
Manufactures synthetic resin products		
Total Chemicals (10.7%)		37,413,234
Construction		
Daiichi Kensetsu Corporation	18,700	182,402
Construction and real estate businesses		
Kandenko Co., Ltd.	90,000	616,408
Construction of electrical and power facilities		
Mirai Industry Co., Ltd.	35,700	493,073
Manufactures electrical installation materials		
MIRAIT Holdings Corporation	622,700	5,048,099
Construction of electrical and telecommunication facilities		
NDS Co., Ltd.	171,000	485,677
Construction of communication infrastructure		
Taihei Dengyo Kaisha, Ltd.	205,000	1,924,734
Construction of thermal and nuclear plant facilities		
Toenec Corporation	1,565,000	11,226,649
Construction of comprehensive building facilities		
Yondenko Corporation	225,000	838,067
Construction of electrical distribution systems		
Total Construction (5.8%)		20,815,109

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Electric Appliances		
Espec Corp	370,200	4,322,955
Manufactures environmental testing products		
Hitachi Maxell, Ltd.	170,700	2,813,371
Manufactures media devices, batteries and electrical appliances		
Hosiden Corporation	161,700	913,278
Manufactures electronic components		
Kitagawa Industries Co., Ltd.	336,800	3,432,774
Manufactures various industrial and consumer products		
Koito Manufacturing Co., Ltd.	75,100	3,047,148
Manufactures lighting equipment		
Nichicon Corporation	545,200	4,530,429
Manufactures capacitors and transformers		
Nihon Kohden Corporation	71,500	1,487,093
Manufactures medical electronic equipment		
Total Electric Appliances (5.9%)		20,547,048
Financing Business		
Hitachi Capital Corporation	135,700	3,793,610
General financial services		
Ricoh Leasing Company, Ltd.	154,000	4,655,116
Leasing and financial services		
Total Financing Business (2.4%)		8,448,726
Food		
Fuji Oil Co., Ltd.	117,200	1,751,866
Manufactures oil-related products for cooking		
Taiyo Kagaku Co., Ltd.	49,200	370,906
General food manufacturer		
Total Food (0.6%)		2,122,772
Glass and Ceramics Products		
Nichiha Corporation	249,300	3,526,170
Manufactures exterior building materials		
Total Glass and Ceramics Products (1.0%)		3,526,170
Information and Communication		
Broadleaf Co., Ltd.	167,900	1,551,879
Business software development, sales, and technical support		
NS Solutions Corporation	39,300	1,817,820
System consulting services and software development		
OBIC Co., Ltd.	45,500	2,418,445
Computer system integration		
Okinawa Cellular Telephone Company	155,000	3,949,525
Telecommunications		
Otsuka Corporation	60,600	3,034,180
Computer information system developer		
Software Service Inc.	3,900	167,419
Provides medical information systems		

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Total Information and Communication (3.6%)		12,939,268
Iron and Steel		
Chubu Steel Plate Co., Ltd.	834,300	3,581,471
Manufactures steel-related products		
Mory Industries Inc.	1,774,000	5,456,025
Manufactures steel tubing products		
Nichia Steel Works, Ltd.	1,914,200	4,380,463
Manufactures steel-related products		
Nippon Seisen Co., Ltd.	380,000	1,776,191
Manufactures stainless steel wires and metal fibers		
Osaka Steel Co., Ltd.	328,400	5,956,131
Manufactures steel-related products		
Tohoku Steel Co., Ltd.	400	3,863
Manufactures specialty steel		
Total Iron and Steel (6.0%)		21,154,144

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Machinery		
Hisaka Works, Ltd.	731,700	5,967,366
Manufactures heat exchangers and other machinery		
Miura Co. Ltd.	77,800	1,044,867
Manufactures boilers and related products		
Nippon Pillar Packing Co., Ltd.	277,000	2,292,786
Manufactures mechanical seals		
Nissei Corporation	24,300	193,051
Manufactures reducers and gears		
Nitto Kohki Co. Ltd.	96,400	2,121,535
Manufactures machine tools and motor pumps		
Oiles Corporation	337,280	5,690,214
Manufactures bearing equipment		
Sato Holdings Corporation	134,500	3,001,501
Manufactures electronic printers and other products		
Sintokogio, Ltd.	151,100	1,311,994
Manufactures industrial machines		
Yamashin-Filter Corporation	46,200	186,705
Manufactures filters		
Total Machinery (6.4%)		21,810,019
Metal Products		
Dainichi Co., Ltd.	258,000	1,566,047
Manufactures oil heating equipment		
Neturen Co., Ltd.	562,200	4,347,777
Manufactures steel bars and induction heating equipment		
NHK Spring Co., Ltd.	369,700	3,795,103
Manufactures automobile-related products		
Piolax, Inc.	95,500	5,238,822
Manufactures automobile-related products		
Rinnai Corporation	58,500	5,231,437
Manufactures heating appliances and components		
Total Metal Products (5.7%)		20,179,186
Other Products		
Fuji Seal International, Inc.	125,000	3,920,514
Packaging-related materials and machinery		
Nishikawa Rubber Co., Ltd.	288,100	4,498,129
Manufactures rubber automobile parts		
The Pack Corporation	80,100	1,976,012
Manufactures paper and chemical products		
Pigeon Corporation	64,100	1,836,184
Manufactures baby care products		
Total Other Products (3.5%)		12,230,839
Pharmaceutical		
KYORIN Holdings, Inc.	116,100	2,189,535
Manufactures pharmaceuticals		
Total Pharmaceutical (0.6%)		2,189,535

Precision Instrument		
Nakanishi Inc.	42,100	1,501,497
Manufactures dental instruments		
Total Precision Instruments (0.4%)		1,501,497
Real Estate		
Keihanshin Building Co., Ltd.	916,900	5,260,475
Real estate leasing and building management		
Sanyo Housing Nagoya Co., Ltd.	133,100	1,244,268
Designs and constructs housing		
Total Real Estate (1.9%)		6,504,743

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Retail Trade		
ABC-Mart, Inc.	31,700	1,723,525
Retail sales of shoes		
AIN Pharmaciez Inc.	2,300	108,066
Operates pharmacies and drug store chains		
Amiyaki Tei Co., Ltd.	84,500	3,082,265
Operates barbecue restaurant chains		
Arc Land Sakamoto Co., Ltd.	191,900	4,371,203
Retail sales, wholesale, food and real estate		
Create SD Holdings Co., Ltd.	121,800	7,926,933
Operates pharmacies and drug store chains		
Daikokutenbussan Co., Ltd.	74,400	2,967,427
Operates supermarkets		
Heiwado Co., Ltd.	37,100	894,458
Operates supermarkets		
Hiday Hidaka Corp	59,536	1,577,417
Operates ramen and Chinese restaurant chains		
Jin Co., Ltd.	65,600	2,853,331
Retail sales of eyewear and fashion accessories		
Saint Marc Holdings Co., Ltd.	77,400	2,214,031
Operates restaurant chains		
San-A Co., Ltd.	44,600	1,947,156
Retail sales of home goods		
Seria Co. Ltd.	77,600	3,230,447
Discount retail sales		
Shimamura Co., Ltd.	21,900	2,667,524
Retail sales of apparel		
Start Today Co Ltd	89,300	3,097,927
Operates retail E-commerce websites		
Studios Co., Ltd.†	1,800	43,558
Retail sales of apparel		
Sundrug Co., Ltd.	15,200	978,138
Operates pharmacies and drug store chains		
United Arrows Ltd.	67,400	2,969,910
Retail sales of apparel		
Yamazawa Co., Ltd.	11,700	163,399
Operates supermarkets		
Total Retail Trade (12.1%)		42,816,715
Services		
EPS Holdings, Inc.	101,800	1,186,276
Performs contract medical research services		
JP-Holdings, Inc.	164,600	459,486
Operates child-care centers		
Nihon M&A Center Inc.	40,500	1,807,596
Provides merger and acquisition brokerage services		
Nomura Co., Ltd.	5,600	84,661
Commercial display business and services		



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Septeni Holdings Co., Ltd.	92,300	1,754,172
Internet advertising and media content business		
Step Co., Ltd.	213,400	2,069,407
Operates preparatory schools		
Total Services (2.0%)		7,361,598

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Textiles and Apparel		
Hogy Medical Co., Ltd.	84,100	4,326,820
Manufactures medical products		
Komatsu Seiren Co., Ltd.	526,800	3,266,049
Manufactures synthetic fibers and textile products		
Seiren Co., Ltd.	199,500	2,379,818
Manufactures synthetic fibers and textile products		
Total Textiles and Apparel (2.8%)		9,972,687
Transportation and Warehousing		
Alps Logistics Co., Ltd.	248,300	3,094,935
General logistics services		
Japan Transcity Corporation	1,666,000	6,475,809
General logistics services		
Meiko Trans Co., Ltd.	434,000	3,578,220
Marine logistics services		
Nissin Corporation	512,000	1,637,004
General logistics services		
Trancom Co., Ltd.	86,800	4,627,737
General logistics services		
Total Transportation and Warehousing (5.5%)		19,413,705
Transportation Equipment		
Hi-Lex Corporation	43,500	1,293,739
Manufactures control cables		
Nissin Kogyo Co., Ltd.	240,300	3,734,273
Manufactures automobile brake systems		
Sanoh Industrial Co., Ltd.	372,600	2,291,900
Manufactures automobile components		
Tachi-S Co., Ltd.	161,000	2,717,520
Manufactures automobile seats		
Total Transportation Equipment (3.0%)		10,037,432
Utilities		
Keiyo Gas Co., Ltd.	388,000	1,819,882
Produces gas and energy products		
The Okinawa Electric Power Company, Incorporated	274,950	6,367,827
Produces thermal energy products		
Total Utilities (2.3%)		8,187,709

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Wholesale Trade		
Kanaden Corporation	211,600	1,698,226
Factory automation business		
Kohsoku Corporation	139,100	1,145,715
Food and industrial packaging materials		
Matsuda Sangyo Co., Ltd.	424,900	5,106,524
Precious metals, electronic materials, and food		
Paltac Corporation	99,400	1,966,544
Cosmetics and daily necessities		
Senshu Electric Co., Ltd.	222,800	3,162,194
Electrical wires and cables		
Shinko Shoji Co., Ltd.	327,700	3,379,913
Electronic components and devices		
SIIX Corporation	208,500	6,598,637
Parts procurement, logistics, and manufacturing of electronics		
SPK Corporation	21,700	407,304
Automobile components for assembly		
Ryoden Trading Company, Ltd.	1,042,000	7,111,272
Purchases electronic and electrical devices		
Sugimoto & Co., Ltd.	299,500	3,626,179
Machine tools and measuring instruments		
Techno Associe Co., Ltd.	337,000	2,898,808
Screws and nonferrous metal products		
Total Wholesale Trade (10.5%)		37,101,316
<b>TOTAL JAPANESE EQUITY SECURITIES (97.6%)</b>		<b>\$343,080,327</b>
<b>INVESTMENT IN FOREIGN CURRENCY</b>		
Japanese Yen		
Non- interest bearing account		6,540,427
<b>TOTAL INVESTMENT IN FOREIGN CURRENCY (1.9%)</b>		<b>\$6,540,427</b>
<b>TOTAL INVESTMENTS (99.5%)</b>		<b>\$349,620,754</b>
<b>OTHER ASSETS LESS LIABILITIES, NET (0.5%)</b>		<b>1,914,350</b>
<b>NET ASSETS (100.0%)</b>		<b>\$351,535,104</b>

Non-income producing security

Portfolio Securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2015

Japanese Yen ¥ 123.23= \$1.00

Notes to Schedule of Investments (Unaudited)

Cost for Federal Income Tax Purposes

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As of November 30, 2015, for federal income tax purposes, subject to change, the aggregate cost of securities was \$305,995,410 and net unrealized appreciation was \$37,084,917, comprised of gross unrealized appreciation of \$48,395,756 and gross unrealized depreciation of \$11,310,839. The aggregate cost of investments for tax purposes will depend upon Japan Smaller Capitalization Fund, Inc.'s (the "Fund") investment experience during the entirety of its fiscal year and may be subject to changes based on tax regulations. Certain tax related calculations are completed and reviewed annually by the Fund.

### Fair Value Measurements

In accordance with generally accepted accounting principles ("GAAP"), fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized below.

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of November 30, 2015.

Level	<u>Investments</u> <u>in</u> <u>Securities</u>
Level 1	
Equity Securities	\$343,080,327
Foreign Currency	6,540,427
Level 2	-
Level 3	-
Total	\$349,620,754

During the quarter ended November 30, 2015, there was a transfer of a security from Level 2 to Level 1. There were no other transfers between Level 1, Level 2, or Level 3 securities during the quarter ended November 30, 2015.

During the quarter ended November 30, 2015, the Fund did not hold any instruments which used significant unobservable inputs (Level 3) in determining fair value.

Item 2. Controls and Procedures.

(a) The registrant's Principal Executive Officer and Principal Financial Officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities and Exchange Act of 1934 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 of the period covered by this report 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.

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/ Yutaka Itabashi  
Yutaka Itabashi,  
(President, Principal Executive Officer)

Date: January 29, 2016

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/ Yutaka Itabashi  
Yutaka Itabashi  
(President, Principal Executive Officer)

Date: January 29, 2016

By: /s/ Amy J. Marose  
Amy J. Marose,  
(Treasurer, Principal Financial Officer)

Date: January 29, 2016

