

JAPAN EQUITY FUND INC  
Form DEF 14A  
April 20, 2012

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

THE JAPAN EQUITY FUND, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

*The Japan Equity Fund, Inc.*

**c/o Daiwa Securities Trust Company  
One Evertrust Plaza  
Jersey City, New Jersey 07302-3051  
(201) 915-3054**

April 20, 2012

Dear Stockholders:

The Annual Meeting of Stockholders (the "Meeting") of The Japan Equity Fund, Inc., a Maryland corporation (the "Fund"), will be held on Monday, June 4, 2012, at the offices of Daiwa Capital Markets America Holdings Inc., Financial Square, 32 Old Slip, 14th Floor, New York, New York 10005, at 3:45 p.m., New York time. A Notice and Proxy Statement regarding the Meeting are available over the internet at <http://www.amstock.com/ProxyServices/ViewMaterials.asp>.

At the Meeting, the Fund's stockholders will elect Directors of the Fund. In addition, the stockholders who are present at the Meeting will hear an investment report on the Fund and will have an opportunity to discuss matters of interest to them.

If you will not be able to attend the Meeting in person, please take the time now to review the accompanying materials and authorize your proxy to vote your shares. Your vote is important.

The Board of Directors has recommended that the stockholders vote in favor of the foregoing matter.

Respectfully,

Yoshihiro Fujisawa

*Chairman of the Board of Directors of The Japan Equity Fund, Inc.*

**YOU ARE STRONGLY URGED TO AUTHORIZE YOUR PROXY TO VOTE YOUR SHARES OVER THE INTERNET OR VIA THE TOLL-FREE TELEPHONE NUMBER, AS DESCRIBED IN THE ACCOMPANYING MATERIALS. AS AN ALTERNATIVE, IF YOU REQUESTED AND RECEIVED A PAPER COPY OF THE PROXY CARD BY MAIL, PLEASE PROMPTLY SIGN AND MAIL THE PROXY CARD IN THE RETURN ENVELOPE PROVIDED TO ENSURE A QUORUM AT THE MEETING.**

**YOUR VOTE IS IMPORTANT.**

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*The Japan Equity Fund, Inc.*

**NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS  
JUNE 4, 2012**

To the Stockholders of  
The Japan Equity Fund, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of The Japan Equity Fund, Inc., A Maryland corporation (the "Fund") will be held at the offices of Daiwa Capital Markets America Holdings Inc., Financial Square, 32 Old Slip, 14th Floor, New York, New York 10005, on Monday, June 4, 2012, at 3:45 p.m., New York time, for the following purposes:

1. To consider and vote upon the election of Directors of the Fund, each to serve until the 2015 Annual Meeting of Stockholders and until each such Director's successor is duly elected and qualifies.
2. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

On or about April 20, 2012, the Fund mailed stockholders a notice containing instructions on how to access the Proxy Statement and proxy card (the "Notice of Internet Availability of Proxy Materials"). As of the date of mailing of the Notice of Internet Availability of Proxy Materials, all stockholders have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials. These proxy materials will be available free of charge.

The Notice of Internet Availability of Proxy Materials also included instructions on how to receive a paper copy of the proxy materials by mail or an electronic copy of the materials by e-mail. The proxy materials sent to you will include the proxy card, which you may complete, sign and return by mail. The proxy materials will also provide you with instructions on how to cast your vote over the internet and a telephone number you may call to cast your vote.

The Fund's Board of Directors has fixed the close of business on March 19, 2012 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting or any adjournments or postponements thereof.

You are cordially invited to attend the Meeting. Any stockholder who does not expect to attend the Meeting in person is requested to authorize your proxy to vote over the internet, by telephone or by completing, dating and signing the requested proxy card and returning it promptly. You may nevertheless vote in person at the Meeting if you choose to attend. Your vote is important. The proxy is being solicited by the Board of Directors.

By order of the Board of Directors,

/s/ John J. O'Keefe

John J. O'Keefe

*Vice President, Secretary and Treasurer*

April 20, 2012

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*The Japan Equity Fund, Inc.*

**PROXY STATEMENT**

**INTRODUCTION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of THE JAPAN EQUITY FUND, INC., a Maryland corporation (the "Fund") for use at the Annual Meeting of Stockholders (the "Meeting"), to be held at the offices of Daiwa Capital Markets America Holdings Inc., Financial Square, 32 Old Slip, 14th Floor, New York, New York 10005, on Monday, June 4, 2012, at 3:45 p.m., New York time and at any adjournments thereof.

This Proxy Statement and proxy card are first being made available to stockholders on or about April 20, 2012. Any stockholder giving a proxy in advance of the Meeting has the power to revoke it by mail (addressed to the Secretary of the Fund, c/o Daiwa Securities Trust Company, One Evertrust Plaza, 9th Floor, Jersey City, New Jersey 07302-3051), by executing a superseding proxy, by attending the Meeting in person and voting at the Meeting or by submitting a notice of revocation to the Fund. All properly executed proxy cards received in time for the Meeting will be voted as specified in the proxy card or, if no specification is made, FOR Proposal 1. Shares owned by any stockholder who attends the Meeting but does not cast a vote are included in the determination of the number of shares present at the Meeting.

Under rules and regulations of the U.S. Securities and Exchange Commission, instead of mailing a printed copy of the proxy materials to each stockholder of record, the Fund is furnishing proxy materials, which include the Proxy Statement, over the internet and providing a Notice of Internet Availability of Proxy Materials by mail. You will not receive a printed copy of the proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Notice of Internet Availability of Proxy Materials. Instead, the Notice of Internet Availability of Proxy Materials will instruct how you may access and review the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs how you may submit your proxy card via the internet. You may also authorize your proxy to vote your shares via touchtone telephone by dialing 1-800-PROXIES (please call 1-718-921-8500 for calls from outside the United States). If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of the proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials. It is expected that the Notice of Internet Availability of Proxy Materials will first be mailed to stockholders on or about April 20, 2012.

**The Fund will furnish, without charge, a copy of its Annual Report for its most recent fiscal year to any stockholder requesting such report. Requests for the Annual Report should be made by writing to the Fund at the Fund's principal executive offices, c/o Daiwa Securities Trust Company, One Evertrust Plaza, 9th Floor, Jersey City, New Jersey 07302-3051, attention: Shareholder Relations, or by calling collect at (201) 915-3054.**

The Board has fixed the close of business on March 19, 2012 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting and at any adjournments thereof. Stockholders on the record date will be entitled to one vote for each share held, with no shares having cumulative voting rights. As of the record date, the Fund had outstanding 14,481,811 shares of common stock.

The Fund's management knows of no business other than that mentioned in the Notice of Meeting, which will be presented for consideration at the Meeting. If any other matter is properly presented, it is the intention of the persons named in the proxy card to vote in accordance with their discretion.

It is essential that stockholders authorize their proxies to vote their shares over the internet, by telephone or by completing, dating, signing and returning each requested paper proxy card as indicated in the Fund's proxy card. Stockholders are able to authorize their proxies to vote their shares over the internet at [www.proxyvote.com](http://www.proxyvote.com). The internet procedures are designed to authenticate a stockholder's identity to allow stockholders to vote their shares and confirm that their instructions have been properly recorded. Stockholders will also be able to obtain the toll free number to authorize their proxies to vote their shares via touchtone telephone after viewing the proxy materials over the internet at <https://secure.amstock.com/voteproxy/login2.asp>. The Notice of Internet Availability of Proxy Materials includes instructions on how to request paper copies of proxy materials. If you received printed proxy materials, you may submit your proxy by mail by signing your proxy card and mailing it in the enclosed envelope.

**THE FUND'S BOARD UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE IN FAVOR OF THE MATTER MENTIONED IN THE NOTICE OF MEETING.**

**Proposal 1: ELECTION OF DIRECTORS**

Persons named in the proxy card intend, in the absence of contrary instructions, to vote all proxies FOR the election of the nominees listed below as Directors of the Fund:

- (i) Yoshihiro Fujisawa, as a Class I Director, will serve until the 2015 Annual Meeting of Stockholders and until his successor is duly elected and qualifies; and
- (ii) Martin J. Gruber, as a Class I Director, will serve until the 2015 Annual Meeting of Stockholders and until his successor is duly elected and qualifies.

The terms of all nominees for Director will expire on the date on which Directors are elected at the Annual Meeting of Stockholders of the Fund in the year stated above or the date that their successors are elected and qualified. If any such nominee should be unable to serve due to an event that is not now anticipated, the proxies will be voted for such person, if any, as shall be designated by the Board to replace any such nominee. The election of each nominee as a Director of the Fund will require the affirmative vote of a majority of the votes cast at the Meeting at which a quorum is present. A majority of the Fund's outstanding shares as of the record date, represented in person or represented by proxy, will constitute a quorum of stockholders at the Meeting. For purposes of Proposal 1, abstentions will be counted in determining whether a quorum is present at the Meeting, but will not be counted as votes cast at the Meeting.

Each of the nominees for Director of the Fund has consented to be named in this Proxy Statement and to serve as a Director of the Fund if elected. The Board has no reason to believe that either of the nominees named above will become unavailable for election as a Director, but if that should occur before the meeting for the Fund, the persons named as proxies in the proxy cards will vote for such persons as the Board of the Fund may recommend.

**Information Concerning Directors and Nominees**

The following table sets forth information concerning each of the nominees for Director of the Fund, as well as the other current Directors of the Fund.

| Name<br>(Age)<br>and<br>Address<br>of<br>Nominees/Directors  | Principal<br>Occupation<br>or Employment<br>During Past Five<br>Years                                  | Director<br>Since(1) | Dollar<br>Range of<br>Equity<br>Securities<br>in the<br>Fund(2) | Aggregate Dollar<br>Range of Equity<br>Securities in all<br>Funds Overseen<br>or to be<br>Overseen by<br>Director or<br>Nominee in Family<br>of Investment<br>Companies(2) | Number<br>of<br>Portfolios<br>in<br>Fund<br>Complex<br>Overseen<br>by<br>Director(3) | Other<br>Directorships<br>During Past<br>Five Years  |
|--|--|----------------------|---|--|--|--|
| <b>Interested Directors</b>  |  |                      |   |  |  |  |
| Chairman and<br>President, Daiwa<br>Securities Trust<br>Company ("DSTC"),<br>since May 2008;<br>General Manager,<br>Daiwa Investor<br>Relations Co. Ltd.,<br>from October 2006 to<br>April 2008; General<br>Manager, Daiwa<br>Securities SMBC<br>Principal Investments<br>Co. Ltd., from<br>October 2005 to<br>October 2006;<br>Managing Director,<br>Yoshida Europe<br>Fujisawa Property Plc., from<br>(59)* August 2004 to<br>One October 2005;<br>Everett<br>Plaza<br>Jersey<br>City,<br>NJ<br>07302-2005 |  | 2008                 | None  | None   | 1  | None   |
| <b>Independent Directors</b>   |  |                      |   |  |  |  |
| Martin<br>J.<br>Gruber<br>(74)<br>229  | Professor Emeritus<br>and Scholar in<br>Residence, Leonard<br>N. Stern School of<br>Business, New York | 1992                 | \$ 10,001-50,000  | \$ 50,001-100,000  | 2  | Director, The<br>Singapore Fund, Inc.,<br>since 2000; Director,<br>The Thai Capital<br>Fund, Inc., since |

South University, since  
Irving 2010; previously  
Street Professor of Finance,  
Ridgewood 1965 to 2010.  
NJ  
07450

2000; Trustee, DWS  
Scudder Mutual  
Funds, from 1992 to  
2008; Trustee,  
National Bureau of  
Economic Research,  
since August 2005.



| Name<br>(Age)<br>and<br>Address<br>of<br>Nominees/Directors                                | Principal<br>Occupation<br>or Employment<br>During Past Five<br>Years  | Director<br>Since(1) | Dollar<br>Range of<br>Equity<br>Securities<br>in the<br>Fund(2) | Aggregate Dollar<br>Range of Equity<br>Securities in all<br>Funds Overseen<br>or to be<br>Overseen by<br>Director or<br>Nominee in Family<br>of Investment<br>Companies(2) | Number<br>of<br>Portfolios<br>in<br>Fund<br>Complex<br>Overseen<br>by<br>Director(3) | Other<br>Directorships<br>During Past<br>Five Years   |
|--|--|----------------------|---|--|--|---|
| <b>Independent Directors (continued)</b>   |  |                      |   |  |  |   |
| David<br>G. Harner<br>(68)<br>10911<br>Ashurst<br>Way<br>Highlands<br>Ranch<br>CO 80132    | Retired; Director of<br>Community and<br>Economic<br>Development, City of<br>Ogden, from July<br>2005 to October 2008;<br>Public Services<br>Department Director,<br>City of Ogden, from<br>February 2005 to July<br>2005; Executive<br>Director, Department<br>of Community and<br>Economic<br>Development for the<br>State of Utah, from<br>May 2002 to January<br>2005.   | 1997                 | \$ 1-10,000   | \$ 1-10,000  | 2  | Director, The<br>Singapore Fund, Inc.,<br>since 1996; Director,<br>The Thai Capital<br>Fund, Inc., since<br>2000.   |
| Richard<br>J. Herrin<br>(66)<br>327<br>South<br>Robert<br>Road<br>Bryn<br>Mawr<br>PA 19010 | Jacob Safra Professor<br>of International<br>Banking and<br>Finance<br>Department, The<br>Wharton School,<br>University of<br>Pennsylvania, since<br>July 1972; Founding<br>Director, Wharton<br>Financial Institutions<br>Center, since July<br>1994; Director,<br>Lauder Institute of<br>International<br>Management Studies,<br>from July 2000 to<br>June 2006; Co-chair<br>of the Shadow<br>Financial Regulatory<br>Committee, since | 2007                 | \$ 10,001-50,000  | \$ 10,001-50,000   | 2  | Trustee, DWS<br>Scudder Mutual<br>Funds (and certain<br>predecessor funds),<br>since 1990;<br>Independent Director<br>of Barclays Bank,<br>Delaware, since 2010;<br>Director, The<br>Singapore Fund, Inc.,<br>since 2007; Director,<br>The Thai Capital<br>Fund, Inc., since<br>2007. |

2000; Executive  
Director of the  
Financial Economists  
Roundtable, since  
2008.

| Name<br>(Age)<br>and<br>Address          | Principal Occupation<br>of<br>or Employment  | Director<br>Since(1) | Dollar<br>Range of<br>Equity<br>Securities<br>in the<br>Fund(2) | Aggregate Dollar<br>Range of Equity<br>Securities in all<br>Funds Overseen<br>or to be<br>Overseen by<br>Director or<br>Nominee in Family<br>of Investment<br>Companies(2) | Number<br>of<br>Portfolios<br>in<br>Fund<br>Complex<br>Overseen<br>by<br>Director(3) | Other<br>Directorships<br>During Past<br>Five Years  |
|--|--|----------------------|---|--|--|--|
| <b>Independent Directors (continued)</b> |  |                      |   |  |  |  |
|  | Senior Vice President<br>and Treasurer, Qwest<br>Communications<br>International Inc., from<br>June 2008 to April 2011;<br>Rahn Senior Vice President of<br>K. Investor Relations,<br>Porte Qwest Communications<br>(57) International Inc., from<br>944 September 2007 to June<br>E. 2008; Vice President of<br>Rim Finance, Qwest<br>Road Communications<br>Frank International Inc., from<br>CO March 2003 to<br>8011 September 2007. | 2007                 | 10,001-<br>\$ 50,000  | \$ 10,001-50,000   | 2  | Director, CenturyLink<br>Investment Management<br>Company (formerly<br>known as Qwest Asset<br>Management Company),<br>since 2006; Director,<br>BlackRidge Financial,<br>Inc., since March 2005;<br>Director, The Singapore<br>Fund, Inc., since 2007;<br>Director, The Thai<br>Capital Fund, Inc., since<br>2007. |

(1) Each director serves for a three year term.

(2) The information as to beneficial ownership is based on statements furnished to the Fund by the Directors. The dollar value of shares is based upon the market price as of April 16, 2012.

(3) The Fund is considered part of the same Fund Complex as The Thai Capital Fund, Inc. The term "Fund Complex" means two or more U.S. registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for purposes of investment and investor services. There are no other U.S. registered investment companies advised by Daiwa SB Investments Ltd., Daiwa SB Investments (USA) Ltd., or their affiliates. The Fund and The Thai Capital Fund, Inc. share an administrator and have a common website and thus may be deemed to hold themselves out to investors as related companies. Additionally, Messrs. Gruber, Harmer, Herring and Porter serve as Directors of one other registered investment company that is not considered part of the same Fund Complex as the Fund, despite having a common administrator, because they do not hold themselves out to investors as related companies.

\* Directors so noted are deemed by the Fund's counsel to be "interested persons" (as defined in the U.S. Investment Company Act of 1940, as amended (the "1940 Act")). Mr. Fujisawa is an interested person because of his affiliation with DSTC, which is an affiliate of The Japan Equity Fund, Inc.'s current investment manager and investment adviser and the administrator and custodian of the Fund and The Thai Capital Fund, Inc.

† Nominees for Director.



The Board believes that each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors lead to the conclusion that each Director should serve in such capacity. Among other attributes common to all Directors are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the investment manager, other service providers, counsel and the independent registered public accounting firm, to exercise effective business judgment in the performance of their duties, and to represent the interests of all of the Fund's stockholders. A Director's ability to perform his duties effectively may have been attained through his educational background or professional training; business, consulting or academic positions; experience from service as a Director, or in various roles at public companies, private entities or other organizations; and/or other life experiences. In addition to these shared characteristics, set forth below is a brief discussion of the specific qualifications, attributes or skills of each Director of the Fund that support the conclusion that each person should serve as a Director.

Interested Directors:

*Yoshihiro Fujisawa* has served as a Director since 2008. His relevant experience includes various positions within one of the largest Japanese financial institutions including being chairman and president of the financial institution's U.S. trust and custodial services entity, general manager of the financial institution's investor relations entity and general manager of the financial institution's private equity management entity.

Independent Directors

*Martin J. Gruber* has served as a Director, Audit Committee member and Nominating and Compensation Committee member since 2000. His relevant experience includes various academic positions, including his current appointment as Professor Emeritus and Scholar in Residence at the Leonard N. Stern School of Business, New York University, with research focuses in portfolio theory and management and fund structure and performance. Mr. Gruber also received a PhD in Finance and Economics from Columbia University in 1966.

*David G. Harmer* has served as a Director, Audit Committee member and Nominating and Compensation Committee member since 2000. His relevant experience includes being a chairman, president, chief financial officer, corporate controller and director of various private and governmental entities.

*Richard J. Herring* has served as a Director, Audit Committee member and Nominating and Compensation Committee member since 2007. His relevant experience includes various academic positions, including his current appointment as Jacob Safra Professor of International Banking and Professor, Finance Department at The Wharton School, University of Pennsylvania, with research focuses in international banking and finance. Mr. Herring also received a PhD from Princeton University.

*Rahn K. Porter* has served as a Director, Chairman of the Audit Committee and Nominating and Compensation Committee member since 2007. His relevant experience includes being a vice president and treasurer of a public telecommunications company and serving as a director of a commercial banking organization and an investment management company.

Based on the information furnished by each of the Directors as of March 19, 2012, neither any of the Directors nor any immediate family member of the Directors owned any securities of the investment manager or investment adviser, or any of their respective affiliates, of the Fund as of such date.

The Fund's Board held four regular meetings during its fiscal year ended October 31, 2011. Each current Director attended at least seventy-five percent of the aggregate number of meetings of the Board and any Committee of which he was a member. For annual or special stockholder meetings, Directors may but are not required to attend the

meetings; and for the Fund's last annual stockholder meeting, each Director attended the meeting.

The Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which is responsible for reviewing financial and accounting matters. The members of the Fund's Audit Committee are independent as defined in Sections 303A.02 and 303A.07(a) of the New York Stock Exchange's Listed Company Manual, as may be modified or supplemented. The Fund has adopted a formal, written Audit Committee Charter, a copy of which is available at [www.daiwast.com](http://www.daiwast.com). The current members of the Fund's Audit Committee are Messrs. Gruber, Harmer, Herring and Porter. Mr. Porter has been designated as the Fund's "audit committee financial expert," as defined in Item 3 of Form N-CSR, and is presumed to be financially sophisticated for purposes of Section 802B(2) of the NYSE Amex US LLC Company Guide.

The Fund's Audit Committee met two times during its fiscal year. The report of the Fund's Audit Committee, along with certain disclosures regarding fees paid to the Fund's independent registered public accounting firm, are set forth on pages 13 and 14 of this Proxy Statement.

The Board has a Nominating and Compensation Committee, which is responsible for recommending individuals to the Board for nomination as members of the Board and its committees. The Fund's Nominating and Compensation Committee is composed of Directors who are not interested persons of the Fund and comply with the independence requirements of the New York Stock Exchange listing standards for Nominating and Compensation Committee members. The Fund's Nominating and Compensation Committee's actions are governed by the Fund's Nominating and Compensation Committee Charter, a copy of which is available at [www.daiwast.com](http://www.daiwast.com). The current members of the Fund's Nominating and Compensation Committee are Messrs. Gruber, Harmer, Herring and Porter. The Fund's Nominating and Compensation Committee did not meet during its last fiscal year.

### **Process of Evaluation of Independent Director Candidates**

The Fund's Nominating and Compensation Committee identifies individuals qualified to serve as Independent Directors on the Board and on committees of the Board and recommends such qualified individuals for nomination by the Fund's Independent Directors as candidates for election as Independent Directors, advises the Board with respect to Board composition, procedures and committees, monitors and makes recommendations on corporate governance matters and policies and procedures of the Fund's Board and any Board committees and oversees periodic evaluations of the Board and its committees. Persons recommended by the Fund's Nominating and Compensation Committee as candidates for nomination as Independent Directors are required to possess such knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Fund, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or any listing requirements of the New York Stock Exchange. While the Independent Directors of the Fund expect to be able to continue to identify from their own resources an ample number of qualified candidates for the Board as they deem appropriate, they will consider nominations from stockholders to the Board. Nominations from stockholders should be in writing and sent to the Independent Directors as described herein. Assuming that appropriate biographical and background material is provided for Independent Director candidates recommended by stockholders, the Board will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates identified by the Independent Directors of the Fund.

### **Diversity Policy**

The Fund's policy on Board diversity provides that while diversity and variety of experiences and viewpoints represented on the Board should always be considered, a nominee for Director should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a nominee for Director, the Fund's Nominating and Compensation Committee focuses on skills, expertise or





background that would complement the existing Board, recognizing that the Fund's business and operations are diverse and global in nature.

### **Board Leadership Structure and Risk Oversight**

The Fund is focused on its corporate governance practices and values independent Board oversight as an essential component of strong corporate performance to enhance stockholder value. The Fund's commitment to independent oversight is demonstrated by the fact that all of its Directors, except the Chairman, are independent. In addition, all of the members of the Board's committees are independent. The Board acts independently of management and regularly holds independent director sessions of the Board without members of management present.

The Fund is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. Risk oversight forms part of the Board's general oversight of the Fund and is addressed as part of various Board and committee activities. The Fund's investment adviser and investment manager and other service providers also employ a variety of processes, procedures and controls to identify various events or circumstances that give rise to risks, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. In addition, the Fund's Chief Compliance Officer compiles a risk assessment for the Fund which is reviewed by the Board. The Board recognizes that it is not possible to identify all of the risks that may affect the Fund or to develop processes and controls to eliminate or mitigate their occurrence or effects. As part of its regular oversight of the Fund, the Board interacts with and reviews reports from, among others, the Fund's investment adviser and investment manager, the Fund's Chief Compliance Officer, the Fund's independent registered public accounting firm and counsel, as appropriate, regarding risks faced by the Fund and applicable risk controls. In addition, DSTC prepares an operations memorandum for the Fund which is distributed to the Board prior to each quarterly meeting. The Board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

### **Stockholder Communications**

Stockholders may send communications to the Board. Stockholders should send communications intended for the Board by addressing the communication directly to the Board (or individual Board members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Board members) and by sending the communication to either the Fund's office or directly to such Board member(s) at the address specified for each Director above. Other stockholder communications received by the Fund not directly addressed and sent to the Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management's discretion based on the matters contained therein.

### **Officers of the Fund**

Yoshiaki Uematsu (age 54) has been President of the Fund since April 2009 and worked as Managing Director of Daiwa SB Investments (USA) Ltd. from 2002 to 2009 and as President and Chief Executive Officer from 2009. Mr. Uematsu's address is 32 Old Slip, New York, New York 10005.

John J. O'Keefe (age 53) has been Vice President and Treasurer of the Fund since June 2000, Secretary of the Fund since March 10, 2011 and Vice President of the Fund Accounting Department of DSTC since June 2000. Mr. O'Keefe's address is One Evertrust Plaza, Jersey City, New Jersey 07302-3051.

Anthony Cambria (age 57) has been the Chief Compliance Officer of the Fund since September 2004 and Director and Executive Vice President of DSTC since 1999. Mr. Cambria's address is One Evertrust Plaza, Jersey City, New Jersey 07302-3051.



Leonard B. Mackey, Jr. (age 61) has been Assistant Secretary of the Fund since September 2004 and has been a consultant since 2007 and was a partner in the law firm of Clifford Chance US LLP from 1983 to 2007. Mr. Mackey's address is 31 West 52nd Street, New York, New York 10019.

### Transactions with and Remuneration of Officers and Directors

The aggregate fee remuneration for Directors of the Fund not affiliated with the Fund's investment manager or investment adviser was \$52,500 and \$53,250 for the fiscal years ended October 31, 2011 and 2010, respectively. Each such non-affiliated Director currently receives fees, paid by the Fund, of \$750 for each Directors' meeting attended in person or by telephone, \$575 for each audit committee meeting attended in person or by telephone and an annual fee of \$6,500.

The officers and interested Directors of the Fund did not receive any compensation from the Fund. DSTC, which pays the compensation and certain expenses of the officers of DSTC who serve as officers of the Fund, receives administration and custodian fees from the Fund.

Set forth below is a chart showing the aggregate fee compensation paid by the Fund (in U.S. dollars) to each of its Directors during the Fund's most recent fiscal year, as well as the total fee compensation paid to each Director by the Fund and by other registered investment companies in the Fund Complex for their services as Directors of such investment companies during their respective fiscal years. In all cases, there were no pension or retirement benefits accrued as part of the Fund's expenses.

| Name of Director             | Aggregate<br>Compensation<br>From The Fund | Total<br>Compensation<br>From The Fund<br>and Fund<br>Complex Paid to<br>Directors |
|------------------------------|--|--|
| <b>Interested Directors</b>  |  |  |
| Yoshihiro Fujisawa(1)        | \$ 0                                       | \$ 0   |
| <b>Independent Directors</b> |  |  |
| Martin J. Gruber             | 10,650                                     | 19,675   |
| David G. Harmer              | 9,900                                      | 18,275   |
| Richard J. Herring           | 10,650                                     | 19,675   |
| Rahn K. Porter               | 10,650                                     | 19,675   |

(1) "Interested person" of the Fund within the meaning of the 1940 Act.

### INVESTMENT MANAGER, INVESTMENT ADVISER AND ADMINISTRATOR OF THE FUND

Daiwa SB Investments (USA) Ltd. serves as the investment manager to the Fund and its principal office is located at 32 Old Slip, 11th Floor, New York, New York 10005. Daiwa SB Investments Ltd. serves as the investment adviser to the Fund and its principal office is located at Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-Chome, Chiyoda-ku, Tokyo 100-0013, Japan. DSTC serves as the administrator to the Fund and its principal office is located at One Evertrust Plaza, 9th Floor, Jersey City, New Jersey 07302-3051.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, requires the Fund's officers and Directors, and persons who own more than ten percent of a registered class of the Fund's equity securities, to file reports of ownership and changes in

ownership with the Commission and the New York Stock Exchange. The Fund believes that its officers and Directors have complied with all applicable filing requirements.

### **REPORT OF THE AUDIT COMMITTEE**

At a meeting held on February 27, 2012, the Board of Directors (the "Board") of the Japan Equity Fund, Inc., a Maryland corporation (the "Fund"), including a majority of the Directors who are not "interested persons," as defined under the 1940 Act, selected PricewaterhouseCoopers LLP to act as the independent registered public accounting firm for the Fund for the fiscal year ending October 31, 2012. Although it is not expected that a representative of PricewaterhouseCoopers LLP will attend the Meeting, a representative will be available by telephone to make a statement to the stockholders, if the representative wishes to do so, and to respond to stockholder questions, if any.

The Fund's financial statements for the fiscal year ended October 31, 2011 were audited by PricewaterhouseCoopers LLP. The Audit Committee of the Fund has reviewed and discussed the audited financial statements of the Fund with management of the Fund. The Audit Committee of the Fund has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committee), as may be modified or supplemented, and have discussed with PricewaterhouseCoopers LLP its independence with respect to the Fund. The Fund knows of no direct financial or material indirect financial interest of PricewaterhouseCoopers LLP in the Fund. The Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by SAS 61 and SAS 114 (Codification of Statements on Auditing Standards, AU Section 380), as may be modified or supplemented. Based on the foregoing review and discussions, the Audit Committee of the Fund has recommended to the Board that the audited financial statements of the Fund for the fiscal year ended October 31, 2011 be included in the Fund's most recent annual report filed with the Securities and Exchange Commission.

Rahn K. Porter, Chairman of the Audit Committee  
Martin J. Gruber, Member of the Audit Committee  
David G. Harmer, Member of the Audit Committee  
Richard J. Herring, Member of the Audit Committee

#### **Audit Fees**

The aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered in connection with the annual audit and review of the Fund's financial statements for the fiscal years ended October 31, 2011 and 2010 were \$84,670 and \$82,200, respectively. The fees billed for the fiscal year ended October 31, 2011 and 2010 included \$5,570 and \$5,400, respectively, related to reports on compliance with Rule 17f-2 under the Investment Company Act of 1940, which permits an affiliated person to act as custodian to the Fund.

#### **Audit-Related Fees**

The aggregate fees billed by PricewaterhouseCoopers LLP for assurance-related services related to the performance of the audit or review of the financial statements for the fiscal years ended October 31, 2011 and 2010 were \$0 and \$0, respectively.

#### **Tax Fees**

The aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice and tax planning (consisting of a review of the Fund's income tax returns and tax distribution requirements) for the fiscal years ended October 31, 2011 and 2010 were

\$11,300 and \$10,970, respectively.

**Other Fees**

There were no other fees billed by PricewaterhouseCoopers LLP for services rendered to the Fund for the fiscal years ended October 31, 2011 and 2010.

**Audit Committee Pre-approval**

The Fund's Audit Committee's policy is to pre-approve all auditing and non-auditing services to be provided to the Fund by the Fund's registered public accounting firm. All of the audit and the tax services described above for which PricewaterhouseCoopers LLP billed the Fund fees for the fiscal years ended October 31, 2011 and 2010 were pre-approved by the Fund's Audit Committee.

The aggregate fees billed for all other non-audit services, including fees for tax-related services, rendered by PricewaterhouseCoopers LLP to the investment manager or investment adviser for the Fund, and entities controlling, controlled by or under common control with the investment manager or investment adviser for the Fund that provide ongoing services to the Fund for the fiscal years ended October 31, 2011 and 2010 were each \$0.

The Audit Committee of the Fund has considered whether the provision of non-audit services rendered to affiliates of the investment adviser and investment manager of the Fund is compatible with maintaining the independence of PricewaterhouseCoopers LLP.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

*Principal Holders.* Set forth below is information with respect to persons who, to the knowledge of the management of the Fund, owned beneficially more than 5% of the Fund's outstanding shares of Common Stock as of March 19, 2012. The information is based on publicly available Schedule 13D and 13G disclosures filed with the Commission.

| <b>Name and Address of Beneficial Owner</b>  | <b>Number of Shares of Common Stock and Nature of Beneficial Ownership</b> | <b>Percent of Common Stock Outstanding</b> |
|--|--|--|
| 1607 Capital Partners, LLC<br>4991 Lake Brook Dr., Suite 125<br>Glen Allen, VA 23060 | 2,075,509(1)   | 14.33%                                     |
| Lazard Asset Management LLC<br>30 Rockefeller Plaza<br>New York, NY 100112           | 1,917,494(2)   | 13.24%                                     |

(1) The above information is based on a Schedule 13G filed with the Commission on February 14, 2012, which indicates that 1607 Capital Partners, LLC has sole dispositive power with respect to its 2,075,509 shares of common stock.

(2) The above information is based on a Schedule 13G filed with the Commission on February 8, 2012, which indicates that Lazard Asset Management LLC has sole voting power and sole dispositive power with respect to its 1,917,494 shares of common stock.

*Security Ownership of Management.* As of the record date, the Fund's Directors and officers owned, in the aggregate, less than 1% of the Fund's outstanding shares of common stock.





## MISCELLANEOUS

Proxies will be solicited by mail and may be solicited in person or by telephone or telegraph by officers of the Fund or personnel of DSTC. The Fund has retained AST Fund Solutions, LLC to assist in the proxy solicitation. The fee for such services is estimated at \$3,500, plus reimbursement of expenses. The expenses connected with the solicitation of these proxies and with any further proxies which may be solicited by the Fund's officers or agents in person or by telephone will be borne by the Fund. The Fund will reimburse banks, brokers and other persons holding the Fund's shares registered in their names or in the names of their nominees for their expenses incurred in sending proxy material to and obtaining proxies from the beneficial owners of such shares.

It is important that you promptly submit your vote as a stockholder of the Fund. In the event that sufficient votes in favor of the proposal set forth in the Notice of the Meeting for the Fund are not received by June 4, 2012, the chairman of the Meeting or the persons named as proxies in the proxy card may propose one or more adjournments of the Meeting to permit further solicitation of proxies. If submitted to a vote of stockholders, any such adjournment will require the affirmative vote of the holders of a majority of the shares present in person or by proxy at the session of the Meeting and voting on that proposal. The persons named as attorneys in the proxy card will vote in favor of such adjournment those proxies which they are entitled to vote in favor of the proposal for which further solicitation of proxies is to be made. They will vote against any such adjournment those proxies required to be voted against such proposal. The costs of any such additional solicitation and of any adjourned session will be borne by the Fund.

## STOCKHOLDER PROPOSALS

Any proposal by a stockholder of the Fund intended to be included in the proxy materials for the year 2013 annual meeting of stockholders of the Fund must be received by the Fund, c/o Daiwa Securities Trust Company, One Evertrust Plaza, 9th Floor, Jersey City, New Jersey 07302-3051, not later than December 21, 2012.

The Fund's By-laws require that any proposal by a stockholder of the Fund intended to be presented at a meeting of stockholders must be received by the Fund, c/o Daiwa Securities Trust Company, One Evertrust Plaza, 9th Floor, Jersey City, New Jersey 07302-3051, not earlier than 90 days prior and not later than 60 days prior to June 5, 2013.

By order of the Board of Directors,

/s/ John J. O'Keefe

John J. O'Keefe

*Vice President, Secretary and Treasurer*

One Evertrust Plaza  
Jersey City, New Jersey 07302-3051  
April 20, 2012



**THE JAPAN EQUITY FUND, INC.**

**c/o Daiwa Securities Trust Company, One Evertrust Plaza, Jersey City, New Jersey 07302-3051**

**Proxy Solicited on Behalf of the Board of Directors for the  
Annual Meeting of Stockholders on  
June 4, 2012**

The undersigned stockholder of The Japan Equity Fund, Inc. (the Fund), hereby appoints John J. O'Keefe and Anthony Cambria, or either of them, as proxies of the undersigned, with full power of substitution, to attend the Annual Meeting of Stockholders (the Meeting) of the Fund, to be held at the offices of Daiwa Capital Markets America Holdings Inc., Financial Square, 32 Old Slip, 14th Floor, New York, New York 10005, on June 4, 2012 at 3:45 p.m., New York time, and any and all adjournments or postponements thereof, to cast on behalf of the undersigned all the votes that the undersigned is entitled to cast at the Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting.

**The votes entitled to be cast by the undersigned will be cast in accordance with the instructions given by the undersigned stockholder, but if this proxy is executed and no instructions are given, the votes entitled to be cast by the undersigned will be cast IN FAVOR OF Proposal 1 as set forth in this proxy card. In addition, the votes entitled to be cast by the undersigned will be cast, in the discretion of the proxy holder on such other business as may properly come before the Meeting or any adjournment or postponement thereof. The undersigned hereby revokes any and all proxies with respect to such Shares heretofore given by the undersigned. The undersigned acknowledges receipt of the Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement, the terms of which are incorporated by reference.**

**CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE**

14475

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**ANNUAL MEETING OF STOCKHOLDERS OF**

**THE JAPAN EQUITY FUND, INC.**

**June 4, 2012**

**INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting and Proxy Statement

are available at <http://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=14192>

Please sign, date and mail  
your proxy card in the  
envelope provided as soon  
as possible.

Please detach along perforated line and mail in the envelope provided.

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 1 BELOW.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. To elect Directors of the Fund, each to serve until the 2015 Annual Meeting of Stockholders and until his successor is duly elected and qualifies.

|                    |         | FOR                   | AGAINST               | ABSTAIN               |
|--------------------|---------|-----------------------|-----------------------|-----------------------|
| Martin J. Gruber   | Class I | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Yoshihiro Fujisawa | Class I | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of  
Stockholder

Date:

Signature of  
Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.