

**JAPAN SMALLER CAPITALIZATION FUND, INC.**

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

**Section 19(a) Notice to Shareholders**

December 23, 2016

Distribution Period: December 2016  
Distribution Amount per share: \$0.9361

Dear Shareholder,

The Board of Directors of Japan Smaller Capitalization Fund, Inc. (the "Fund") announced a distribution of \$0.9361 on December 8, 2016, payable on December 23, 2016 to shareholders of record on December 19, 2016. The ex-dividend date will be December 15, 2016.

**This notice is not being provided for tax reporting purposes.** This information is being sent to you for informational purposes and is an estimate only. The actual amounts and sources for tax reporting purposes will depend upon the Fund's investment experience during the remainder of the 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 state how to report this distribution for federal income tax purposes.

The following table sets forth the Fund's estimated amounts of distribution paid from ordinary income and long-term capital gains. The Fund's fiscal year ends on February 28. All amounts are expressed as per share of common stock.

	Annual Distribution	% of Distribution
Net Investment Income	\$0.3462	37%
Net Realized Short Term Capital Gains	\$0.0568	6%
Net Realized Long Term Capital Gains	\$0.5331	57%
Return of Capital	\$0.0000	0%
Total (per share of common stock)	\$0.9361	100%

Should you have any questions, please contact the Fund's Transfer Agent, Computershare, P.O. Box 30170, College Station, TX 77842-3170, or call toll free 1-800-219-4218.

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