

The Nomura Funds

Governance and Compliance Committee Charter

I. Background

This Charter has been adopted by the Board of Directors of Japan Smaller Capitalization Fund, Inc. and the Board of Directors of Korea Equity Fund, Inc. (each, a “Fund”), including at least a majority of the Independent Directors of each relevant Fund.¹

II. Organization

This Section II describes the organization and governance functions of the Governance and Compliance Committee (the “Committee”) of each Fund.

A. Composition of the Committee

The Committee of each Fund shall be composed solely of all of the Independent Directors of such Fund.

B. Chair; Functions of the Chair

The Chair of the Committee (the “Chair”) for each Fund shall serve as the Chairman of the Board of such Fund. The Chair shall be selected by a majority vote of the Independent Directors. A majority of the members of the Committee may designate a Vice Chair of the Committee to serve as acting Chair of the Committee in the absence of the Chair.

The Chair shall have the following responsibilities:

(1) The Chair shall preside at all meetings of the Committee and shall be responsible for preparing meeting agendas.

(2) The Chair shall serve as the principal liaison between the Independent Directors and the management of Nomura Asset Management U.S.A. Inc., the investment manager of the Funds, on matters relating to the Committee.

¹ Independent Directors are those who satisfy the following criteria: (a) each shall not be an “interested person” of the Fund, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, and (b) each shall otherwise satisfy the applicable independence requirements for any stock exchange on which Fund shares are listed.

(3) The Chair will report to the Board of Directors on the Committee's recommendations on applicable resolutions and on any important actions by or discussions at the Committee.

C. Meetings and Procedures of the Committee

(1) The Committee may determine its own rules of procedure, which shall be consistent with the Certificate of Incorporation of the relevant Fund, the Bylaws of such Fund and this Charter. The Committee shall meet at least four times annually, normally on the dates of the regularly scheduled quarterly board meetings and, in any event, shall meet at least once annually in connection with the annual self-evaluation, or more frequently as circumstances require. The Chair or a majority of the members of the Committee may call a special meeting of the Committee.

(2) A majority of the members of the Committee, present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other, shall constitute a quorum.

(3) The Committee may request that any officers or employees of the relevant Fund, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such information as the Committee requests.

(4) The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of each relevant Fund.

D. Consultants

The Committee shall have the authority to carry out its duties and responsibilities as set forth in this Charter. The Committee may retain consultants, on such terms and conditions, including fees, as the Committee considers appropriate.

E. Particular Actions of the Committee

The Committee will:

(1) Periodically review Board and Committee procedures and Committee Charters.

(2) Monitor corporate governance matters and make recommendations to the Board.

(3) Make recommendations on the frequency and structure of Board of Directors meetings.

(4) Make recommendations concerning any other aspect of the procedures of the Board that the Committee considers warranted.

(5) Make recommendations on the requirements for, and means of, Board of Directors orientation and training.

(6) Monitor compliance with, act as the administrator of, and make determinations in respect of the provisions of the Code of Ethics applicable to the Independent Directors.

(7) Monitor the functioning of the Board Committees and make recommendations for any changes, including the creation or elimination of standing or ad hoc Board Committees.

(8) Monitor regulatory and other developments to determine whether to recommend modifications to the Committee's responsibilities or other policies and procedures in light of rule changes, reports concerning "best practices" in corporate governance and other developments in investment company governance.

(9) Oversee the compliance policies and procedures of the relevant Fund and its service providers adopted pursuant to Rule 38a-1 of the Investment Company Act of 1940 and recommend, as applicable, changes or additions to such policies or procedures.

(10) Recommend to the Board of Directors the designation of the person to serve as the Fund's Chief Compliance Officer, who will provide to the Committee reports required by Rule 38a-1, quarterly reports in respect of breaches of the compliance policies, federal securities laws or other compliance issues, and such other reports on compliance issues that could have a significant impact on the Independent Directors or the relevant Fund;

(11) Make recommendations to the Board of Directors concerning the compensation of the Chief Compliance Officer.

F. Self-Evaluation of the Board of Directors

The Committee shall be responsible for overseeing the annual self-evaluation of Independent Directors. In conducting this oversight, the Committee shall address all matters that the Committee considers relevant to the Independent Directors' performance.

The Committee shall report to the Board of Directors on the results of its evaluation. The report may be written or oral. Any recommended amendments to the principles of governance, and any recommended changes to the relevant Fund's policies, procedures and structures, will be discussed with the Board of Directors, and taken into

consideration in connection with the self-assessment required to be undertaken by the Board of Directors under the Investment Company Act of 1940.

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