

Japan Smaller Capitalization Fund, Inc.

April 30, 2019

Fund Facts (as of 4/30/2019)

NYSE Ticker	JOF
CUSIP	47109U104
NYSE Market Price Close	\$8.70
Net Asset Value	\$10.18
Net Assets	\$288,556,722
Portfolio Holdings	110
Inception Date	March 22, 1990
Premium/Discount	-14.54%
Shares Outstanding	28,333,893
Benchmark	
Since inception to 8/31/04: Nikkei JASDAQ Average Index. 9/1/04 onwards: Russell/Nomura Small Cap Index.	
Portfolio Managers	
Hiromitsu Daimon CMA CIAA, Lead Portfolio Manager Makoto Ito, Portfolio Manager	

Fund Objectives

Japan Smaller Capitalization Fund, Inc. ("JOF" or the "Fund") is a non-diversified, closed-end management investment company listed on the New York Stock Exchange. The Fund's investment objective is to provide shareholders with long-term capital appreciation and to invest, under normal circumstances, at least 80% of its total assets in smaller capitalization Japanese equity securities traded on the Tokyo, Nagoya, and JASDAQ Stock Exchanges, the Mothers, Centex Markets, and other indices

or markets determined by the investment adviser to be appropriate indices or markets for smaller capitalization companies in Japan. Nomura Asset Management U.S.A. Inc. has served as the Fund's Manager since the Fund's inception in 1990. Nomura Asset Management Co., Ltd. has served as the Fund's Investment Adviser since the Fund's inception. The Manager and Investment Adviser are subsidiaries of Nomura Holdings, Inc. and affiliates of Nomura Securities Co., Ltd., Tokyo, Japan.

Performance Overview (as of 4/30/2019)

	JOF NAV ²	JOF NYSE Price ³	Russell/ Nomura Small Cap™ Index ⁴	Nikkei JASDAQ Avg. ⁴
Calendar YTD	4.41%	4.57%	7.09%	5.93%
1 Year	-12.78%	-14.66%	-13.74%	-14.15%
3 Year	10.78%	11.38%	7.95%	10.46%
5 Year	11.61%	11.05%	8.90%	10.13%
10 Year	10.21%	9.64%	10.43%	11.39%
Since Inception¹	3.09%	2.28%	1.78%	1.82%

¹ Inception date: March 22, 1990.

² Based on NAV price, adjusted for reinvestment of income dividends and capital gain distributions as per the dividend reinvestment policy of the Fund.

³ Based on the New York Stock Exchange's closing market price, adjusted for reinvestment of income dividends and capital gain distributions as per the dividend reinvestment policy of the Fund. JOF's performance does not represent sales commissions.

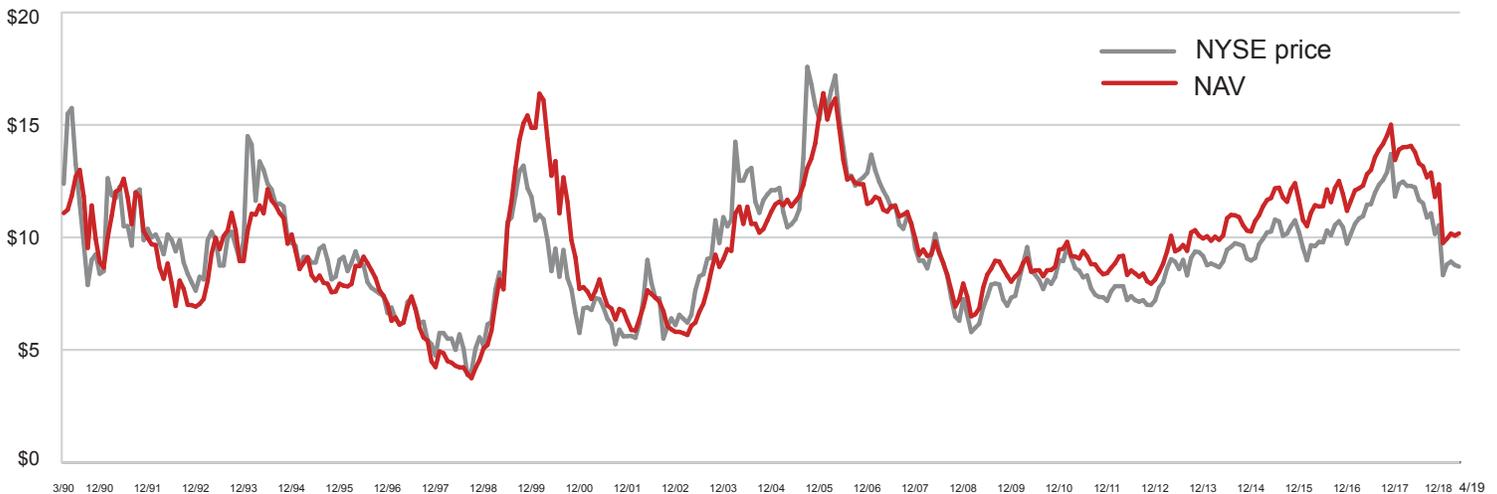
⁴ From inception to 8/31/04, the benchmark was Nikkei JASDAQ Stock Average Index. Since 9/1/04, the benchmark has been the Russell/Nomura Small Cap™ Index. All results are in U.S. dollars.

Past performance is not indicative of future results. There is a risk of loss.

Performance in excess of one year is annualized.

Sources: Nomura Asset Management U.S.A. Inc. and Bloomberg L.P.

Net Asset Value Since Inception¹ vs. NYSE Closing Price (as of 4/30/2019)



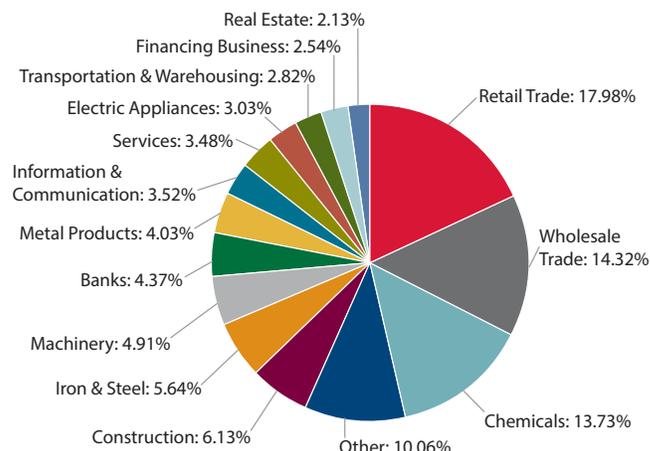
Top Ten Holdings (as of 4/30/2019) Holdings may vary over time.

Security	% of Net Assets	% of Benchmark ¹
SIIX Corporation	4.00%	0.09%
Ryoden Corporation	3.80%	0.03%
Saizeriya Co., Ltd.	3.10%	0.11%
Osaka Steel Co., Ltd.	2.80%	0.03%
Amiyaki Tei Co., Ltd.	2.70%	0.02%
Totetsu Kogyo Co., Ltd.	2.80%	0.12%
Sakata Inx Corporation	2.60%	0.06%
Okinawa Cellular Telephone Company	2.60%	0.07%
The Pack Corporation	2.50%	0.07%
Toenec Corporation	2.40%	0.03%

The ten largest holdings by market value reflect the Fund's investments on the date indicated and may not be representative of the Fund's current or future holdings. Holdings may combine more than one security from the issuer and related depository receipts.

¹ Russell/Nomura Small Cap Index™.

Sector Weightings (as of 4/30/2019) Weightings may vary over time.



The industry diversification reflects the Fund's investments on the date indicated and may not be representative of the Fund's current or future holdings.

Manager's Commentary

The TOPIX Index gained 1.7% in April 2019 resuming its recovery from early this year. Corporate earnings concerns persist given conservative guidance expectations for fiscal year 2019 when the earnings reporting season started from late April, mainly due to recent weak quarterly earnings results and unclear global political conditions. Nevertheless, international investors finally became net buyers of Japan equities following large net sales positions over previous quarters. Market participants started looking beyond the conservative guidance and the possible bottoming out of business conditions ahead.

Sluggish conditions in the Japanese economy seem likely to continue given recent data.

Production activity has failed to meet expectations. The Industrial Production Index fell by 0.9% (MOM) in March 2019, while the consensus estimate was flat ($\pm 0.0\%$). The analysis of forecasts report indicated a recovery in production activity over the coming months, although the unusually long 10-day holiday in April-May for the succession of the new Japanese Emperor could distort the analysis of economic activities during this period. Domestic demand seems to have flattened too as seasonally adjusted retail sales increased by 0.2% (MOM) in March 2019.

Cyclical sectors including Capital Goods, Automobiles and Electronics, led the Japan

market in April. Many economic sensitive cyclical stocks have yet to recover from the underperformance in the latter half of 2018 through the rally in the January-March quarter in 2019, partly due to the remaining concerns over global demand, trade issues, and conservative earnings guidance for the fiscal year 2019. However, valuations in these sectors remained at historically attractive levels and improvements in investor sentiment seem to support the market, helping it to incorporate a bottoming out of earnings prospects. The Information/System sector's gains were led by video game software developers. News reports about Nintendo's entry into the Chinese market appear to support Nintendo and other related stocks.

Additional Information

Comparisons between changes in the Fund's net asset value or market price per share and changes in the Fund's benchmark should be considered in light of the Fund's investment policy and objective, the characteristics and quality of the Fund's investments, the size of the Fund, and variations in the Japanese Yen/U.S. Dollar exchange rate.

This report is for informational purposes only. The financial information is taken from the records of the Fund without examination by independent accountants. The portfolio information found in this report is as of the date of this brochure and is subject to change at any time without notice. This report is not a prospectus, circular or representation intended for use in the sale of shares of the Fund or of any securities mentioned in this report. Past performance is not indicative of future results. Current performance may be lower or higher than the performance presented. Investment products offered are not FDIC insured, may lose value, and are not bank guaranteed.

The Russell/Nomura Small Cap™ Index represents approximately 15% of the total market capitalization of the Russell/Nomura Total

Market™ Index. It measures the performance of the smallest Japanese equity securities in the Russell/Nomura Total Market™ Index. The Nikkei JASDAQ Index is a capitalization-weighted index of all Japanese over-the-counter stocks. The Tokyo Stock Price Index (TOPIX) is a market capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. Any performance quoted should not be viewed as a representation of future investment performance. There is a risk of loss. One cannot invest directly in an index.

This material contains the current opinions of the Fund's manager, which are subject to change without notice. It should not be considered investment advice. Statements concerning financial market trends are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate their ability to invest for the long term.

Forward Looking Statements. Certain information discussed in this factsheet may constitute forward-looking statements within the meaning of the U.S. federal securities laws. Although the Investment

Manager of the Fund believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. Forward-looking information is subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected.

The Fund may participate in new issuances of securities ("New Issues"), and a portion of the Fund's returns consequently may be attributable to its investment in New Issues. The market value of New Issues may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, and the limited availability for trading and limited information about the issuer. When a fund's asset base is small, New Issues may have a magnified impact on the Fund's performance. As a fund's assets grow, it is probable that the effect of the fund's investment in New Issues on its total returns may not be as significant, which could reduce the Fund's performance. There is no guarantee that the availability or economic attractiveness of New Issues will be consistent from year to year.