The New Ireland Fund, Inc.
Portfolio Manager Commentary
Quarter Ending January 31, 2018

Performance Review

The New Ireland Fund Inc.'s (the "Fund" or "IRL") NAV per sharereturns are summarized below.

Period to January 31, 2018[1]	Benchmark* Return	IRL NAV Return	Net NAV Return Relative to Benchmark
Quarter	+5.8%	-1.8%	-7.6%
Fiscal Year to Date	+5.8%	-1.8%	-7.6%
1 year	+28.9%	+19.8%	-9.1%
3 years	+14.3%	+13.5%	-0.8%
5 years	+14.6%	+14.6%	+0.0%
Since inception	+7.9%	+8.2%	+0.3%

*The Benchmark is the MSCI All Ireland Capped Index. Prior to August 1, 2015, the Benchmark was the Irish Stock Exchange Index. Prior to July 31, 2011, the Benchmark was the Irish Stock Exchange Index ex Bank of Ireland.

The performance of the MSCI Ireland Index compared to peer global indices is summarized below. Ireland generally performed well over the quarter with a small lag versus other markets.

Market	**Quarter ended January 31, 2018 Returns**		**Year ended January 31, 2018 Returns**	
	Local	**US $**	**Local**	**US $**
Ireland SE Overall (ISEQ)	-0.1%	+6.8%	+10.4%	+27.2%
MSCI All Ireland Capped	-1.0%	+5.8%	+11.8%	+28.9%
US Equities (S&P 500)	+10.2%	+10.2%	+26.4%	+26.4%
US Equities (NASDAQ)	+10.4%	+10.4%	+33.4%	+33.4%
UK Equities (FTSE 100)	+1.1%	+8.3%	+10.4%	+24.8%
Japan Equities (TOPIX)	+4.2%	+8.5%	+23.3%	+27.1%
European (Euro STOXX 50)	-1.4%	+5.4%	+15.4%	+33.1%
German Equities (DAX 30)	-0.3%	+6.6%	+14.3%	+31.8%
French Equities (CAC 40)	-0.1%	+6.8%	+19.1%	+37.3%

Note-Indices are total gross return

Investment Overview:

Portfolio Review

Within the portfolio the banks had a better quarter with Bank of Ireland and AIB strong, BOI finally made up some lost ground versus AIB. We also note that other cyclical names such as Hostelworld and Smurfit Kappa performed well during the quarter.

[1] All returns are in US dollars unless state otherwise

Underperforming stocks were typically defensive names such as food stocks Glanbia, Greencore and Origin Enterprises. Kerry Group was also a relative underperformer. Healthcare names such as Malin and UDG Healthcare also treaded water generally.

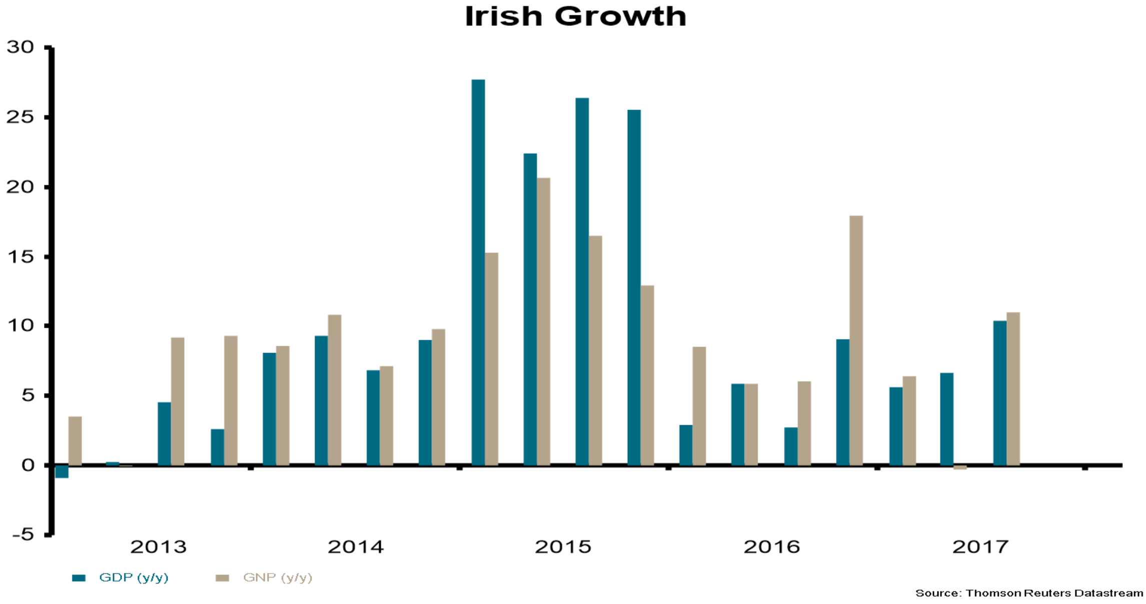
Major Fund stock capital moves (in USD terms)

Quarter ending January 31, 2018 (MSCI Ireland +5.8%)			
Strongest portfolio returns		**Weakest portfolio returns**	
BOI Group plc	+25%	Glanbia Plc	-11%
Hostelworld Plc	+23%	Malin Corp	-7%
Amryt Pharma	+22%	UDG Healthcare	-5%
AIB Group	+19%	IPL Plastics	-3%
Smurfit Kappa Group	+18%	Origin Enterprises	-2%

12 months ending January 31, 2018 (MSCI Ireland +28.9%)			
Strongest portfolio returns		**Weakest portfolio returns**	
Hostelworld Plc	+114%	Malin	-11
IPL Plastics	+91%	Greencore Plc	-4%
Kingspan Plc	+61%	Glanbia	+2%
Dalata Group	+57%	CRH	+9%
Veolia Environnement	+55%	Origin Enterprises	+13%

Irish Economic Review

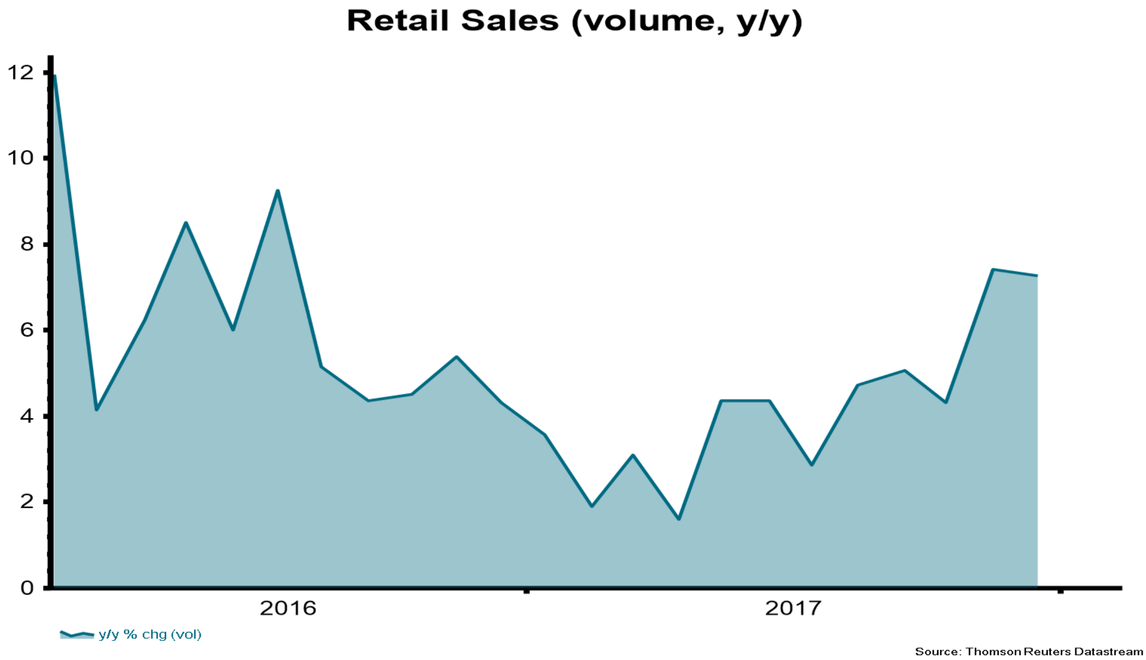
GDP grew by 10.4% over the year to end September (last available data), while GNP (arguably a more accurate measure, essentially stripping out the impact of profit repatriations by multinational corporations) rose by 11.0%. The performance of both measures has been consistently strong, though extremely volatile, for some time, as the chart shows.



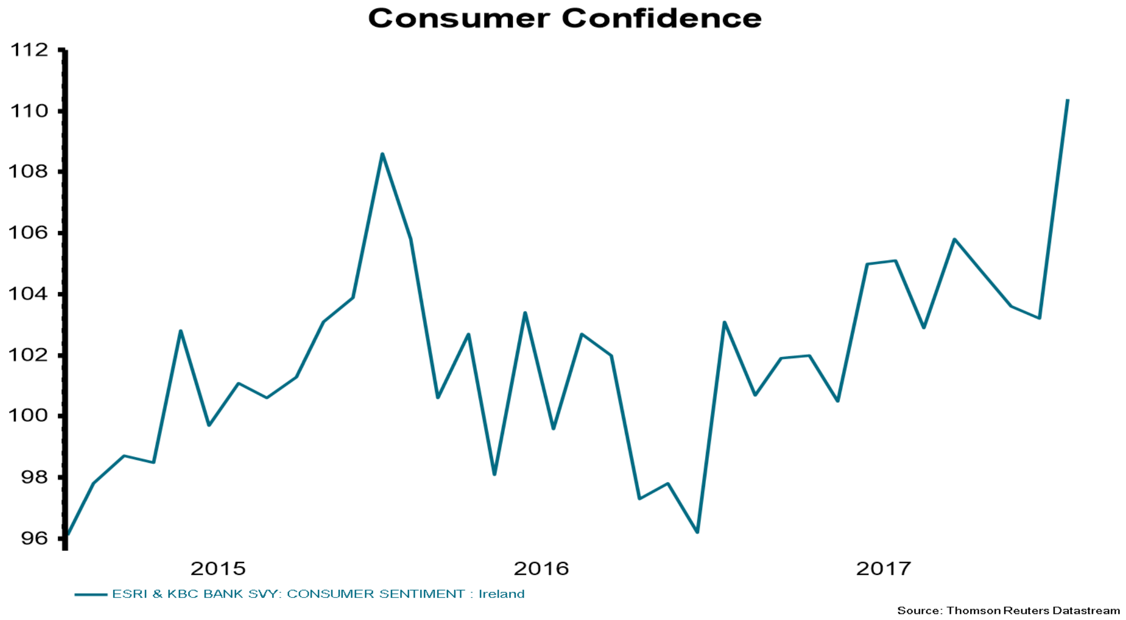
However, as frequently mentioned in these reports, GDP and GNP statistics for Ireland have become somewhat misleading. The issue is not that the statistics are in error, per se, it is that GDP and GNP are no longer as useful as they once were in measuring the real change of activity in an economy, such as Ireland's, which is very open to international capital and trade flows of many kinds. Fortunately, there are of course a range of other indicators which can be used to give us a good sense of what really is happening in the economy, as below.

Retail Sales

Retail sales (shown in the chart following) dipped somewhat to around the 2% level, in y/y growth terms, for a short period about a year ago – perhaps because of Brexit-related concerns – but have regained strength since then and are now growing at more than 7%. This shows that consumers, boosted by strong jobs growth and low inflation, are willing to spend.

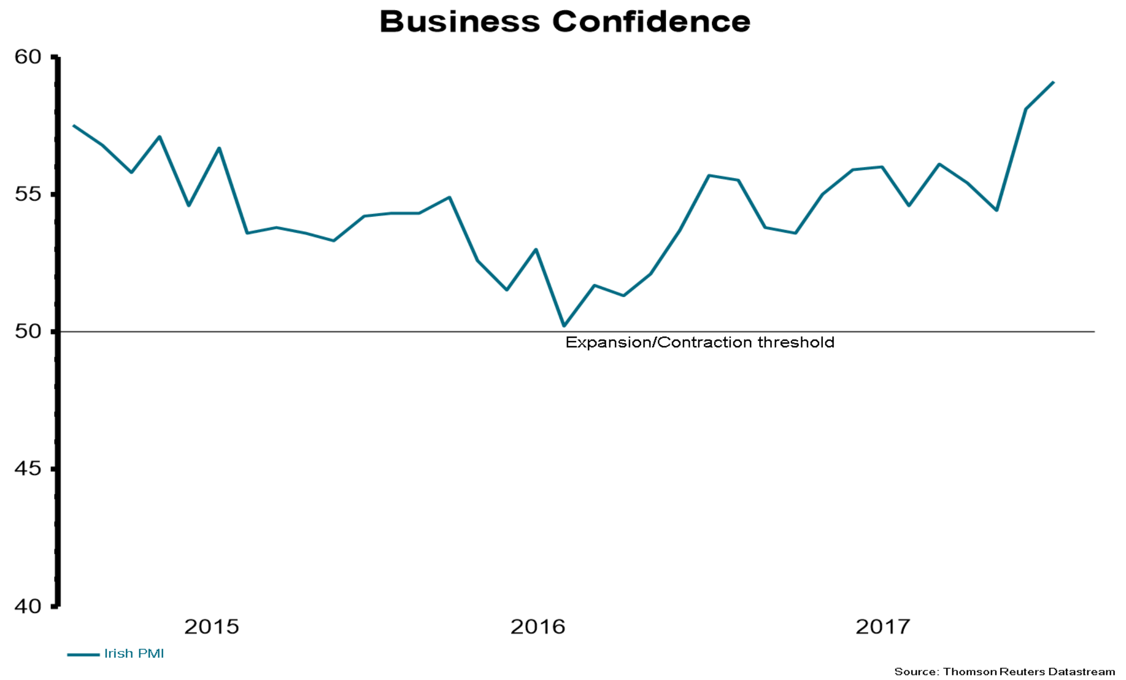


Consumer confidence has risen very sharply over the last few months and in January was at its highest level since 2006. As with retail sales, the very strong labor market is a factor here as, perhaps, is somewhat less concern about a "hard Brexit".



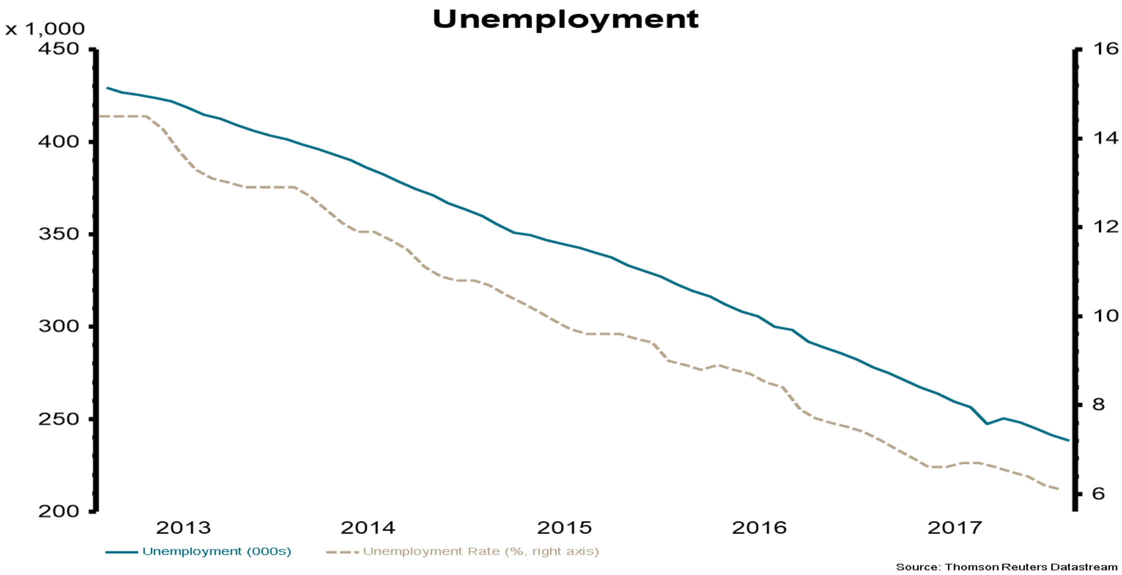
Manufacturing and Services Sectors

The pattern of business confidence is somewhat different to that seen in consumer confidence. Business confidence fell quite sharply in the immediate run-up to, and the aftermath of, the UK electorate's vote to leave the European Union. But, after a trough in July 2016 (immediately after the UK referendum result), it has recovered quite well and has now exceeded the level achieved in 2015, for example. This is likely to have happened because of improved economic growth and sentiment outside Ireland.



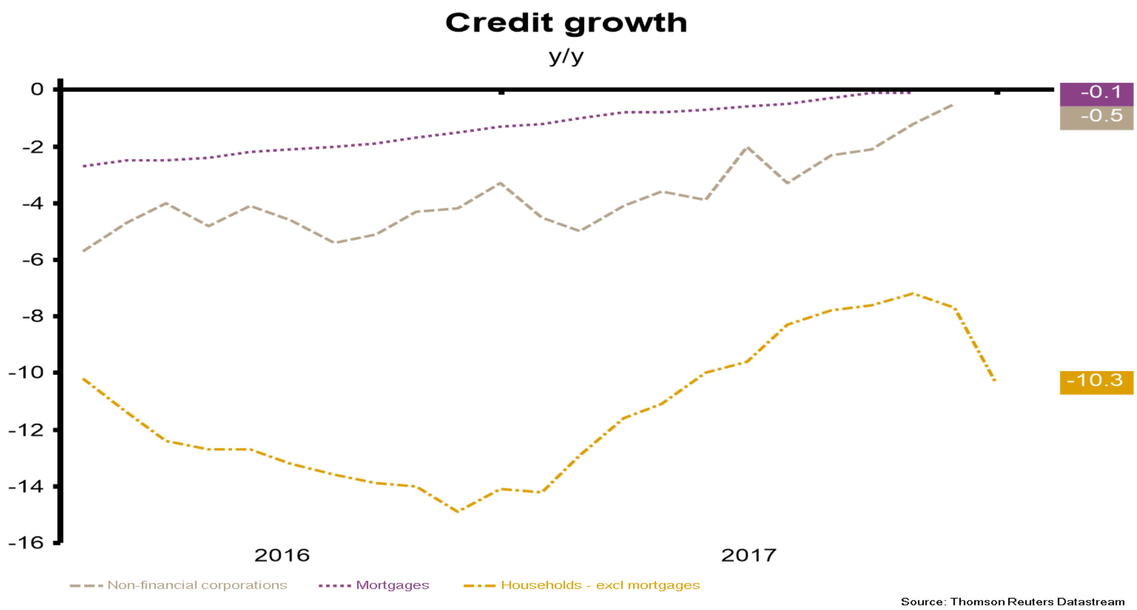
Labor Market

There continues to be a steady trend downwards in unemployment, as measured by the "live register". The number of unemployed on this measure has fallen from a peak of 449,000 in August of 2011 to 238,400 in January of this year. The unemployment rate has also declined and stands at 6.1% (also January data), down from a peak of 16.0%. Ireland's unemployment rate is now substantially below the eurozone average. Encouragingly, the detail of the employment statistics is encouraging, with most new jobs being full-time/permanent rather than temporary, and with job growth being well diversified across a range of sectors.



Credit Growth

Credit to households and non-financial corporations continued to contract, as repayments exceeded new lending. The annual rate of change in loans to households, excluding mortgages, was -10.3% in December, in a pattern that has been in place for several years now while the economy deleverages. Lending to the non-financial corporate sector declined by 0.5% over the year to November (latest available data). Mortgage lending, helped by the very strong housing market, was essentially flat after a decade of consecutive declines.



The overall pattern is that while growth remains strong, it is certainly not being financed by debt. Both the corporate sector and the household sector continue to reduce their indebtedness, as they have done continuously since 2009.

Government Finances

The government deficit as measured by the "General Government Balance", a standardized EU measure, is estimated to have been 0.3% of GDP in 2017, a 0.4% of GDP improvement relative to 2016. In the 2018 Budget, announced in October, the government again forecast a very small deficit in 2018, of just 0.1% of GDP, and forecast a return to balance by 2020.

The debt/GDP ratio is estimated to have peaked in 2013, at about 120%, and we estimate that it fell to about 70% at the end of 2017 - though this overstates the real level of indebtedness as it excludes large cash balances. On the other hand, distortions to GDP statistics (to the upside) may be exaggerating the scale of the improvement. On balance, these issues make it difficult to be definitive about the size of the improvement but there can be no doubt that the fiscal situation has improved drastically over the last number of years.

All major credit rating agencies now rate Ireland in the "A" range.

"Brexit"

The decision of the UK electorate to vote to leave the European Union may have significant ramifications for the Irish economy. The UK is likely to exit the customs union and the Single Market, as well as the European Union itself. This is the least welcome option for Ireland, as it means that there may have to be customs controls and checks on the land border between the Republic of Ireland and Northern Ireland, which could be quite disruptive to trade between the two parts of the island. However, in early December the Irish, EU and UK authorities agreed a text which, if/when formally ratified, would appear to mean that the UK is committed to take steps to avoid the necessity to have border checks.

Some small parts of the Irish economy may gain (financial services in particular) but the overall impact is likely to be negative. We believe the scale of the negative impact is such that it is likely to be noticeable, but not dramatic. We estimate that growth may be in the region of 0.5% lower per year, which is relatively modest in the context of an economy that is growing at a rate in excess of 5% per annum.

Outlook:

For 2018, the Central Bank of Ireland estimates GDP growth of 4.4% as capital spending continues to be strong but consumer spending comes under modest pressure from the uncertainty surrounding Brexit. We believe that these forecasts are somewhat overcautious and expect stronger growth, in the region of 5.5%, although we recognize that risks remain elevated given the Brexit situation.

Looking ahead to 2019, we expect growth of about 4.5% (as measured by GDP), on the assumption that the Brexit process is reasonably well-managed by the UK authorities (an assumption that is of course increasingly open to question).

Global Market Outlook

The global equity bull market will shortly celebrate 9 years since the lows of Q1, 2009 with investors having entered 2018 more bullish than at any stage during the past 10 years. We are generally happier when the consensus is more worried than happy which is not the case today!

While we remain constructive for coming quarters at least, we believe 2018 will be a much trickier year to navigate global equity markets than 2017 and are conscious that running with bulls can lead to eventually being trampled upon!

The fundamental factors supporting a positive outlook include many stock markets at cycle highs, a very robust global economy forecast for 2018, with even stronger forecasts for earnings growth and seemingly lessened political concerns. Thus, we have the goldilocks combination of strong growth combined with benign inflation. Central banks have been the supporting act for many years by generally maintaining low interest rates which when combined with quantitative easing are helping to keep this party going. The US Fed are currently reversing this, so less market friendly but other central banks such as the ECB and BOJ remain supportive of low rates.

There are, however plausible scenarios that can upset this and cause market wobbles:

- A world economy that is even stronger than expected, led by the US. We believe such an overheating scenario would lead to a more rapidly rising interest rate environment which would unsettle markets.
- A meaningful change in global trade agreements, again most likely emanating from the US. Current NAFTA renegotiations need to be monitored and could get nasty.
- Probably unlikely, but an unexpected slowdown in economic growth. Expansions may just die of old age after 10 years.
- The nasty one! Inflation- the 'dog that hasn't barked' finally takes hold in a meaningful way and could unsettle all asset classes.
- The global equity bull market is ageing but we do not believe is yet finished and forecast further upside over the next 12-18 months. So far during 2017 into 2018 we have seen the winds change with global central banks increasingly taking a back seat as the core driver of equity markets and the baton is firmly handed over to traditional fundamental drivers such as economic and earnings growth. With many markets at or close to record highs, equity valuations are no longer cheap so it is crucial that economies continue to grow and that companies continue to deliver positive earnings growth. This remains our central scenario.

Irish Market Outlook:

We remain constructive given the positive economic growth and earnings outlook but remain vigilant to political clouds overhanging from Brexit and to a lesser extent, US policy. Ireland and Europe generally are behind the US, recovery wise and still have plenty of economic slack and recovery ahead of them. Likewise, Irish earnings have not fully recovered to new highs and we believe positive earnings growth combined with attractive valuations allow further gains to be made.

We continue to focus on the portfolio with a strong bottom up stock picking emphasis, always seeking superior growth at attractive valuations and not compromising on quality.

Over recent quarters we have broadened the holdings somewhat into some Euroland companies (Saint Gobain and Veolia) as well as taking part in new recent IPOs (Greencoat Renewables, Glenveagh), placings (Total Produce) and stocks that have a meaningful Irish presence (Covanta).

The corporate sector is in good health, with plenty of cash on its balance sheet and relatively little debt. We expect continued M&A activity and buybacks. IPO activity, while limited, is still evident and we remain of the view that we will see more opportunities.

For the portfolio, we remain confident and do not at present envisage major changes to the portfolio structure. We remain cautious on the UK exposure and prefer exposure to both the European and US economies for external exposure. We continue to favor stocks with strong cash flows, attractive balance sheets and strong and well managed businesses.