The New Ireland Fund, Inc.
Portfolio Manager Commentary
Quarter Ending January 31, 2019

Performance Review

The New Ireland Fund, Inc.'s ("Fund") returns are summarized in the table below.

Period to January 31, 2019	Benchmark* Return	IRL NAV Return	IRL NAV Return Relative to Benchmark
Quarter	-2.90%	-3.56%	-0.66%
Six months	-13.95%	-16.78%	-2.83%
1 year	-17.20%	-23.06%	-5.86%
3 years	+3.14%	-2.51%	-5.65%
5 years	+4.32%	+2.55%	-1.77%
Since inception	+6.91%	+6.97%	+0.06%

*Benchmark is the MSCI All Ireland Capped Index ("MSCI Ireland") from August 1, 2015. Prior to July 31, 2015 the benchmark was the Irish Stock Exchange Index ("ISEQ"). Prior to July 31, 2011 it was the ISEQ ex Bank of Ireland.

While Ireland performed poorly over the past 12 months, it is pretty much in line with the German DAX 30 and to a lesser degree the broad Euro Stoxx 50 index.

Investment Overview:

Portfolio

Performance wise the portfolio had a marginally negative return for the first fiscal quarter and was slightly behind the benchmark. For the calendar YTD, we have seen a strong start to the year in absolute terms and performance is slightly ahead of the benchmark. The Irish market experienced its most difficult year since the global financial crisis during 2018. Ireland was much unloved during 2018 having been hit by a confluence of negative global concerns, with Brexit fears chief amongst them for Ireland itself.

From the investment manager's perspective we continue to report a strong fundamental background for both the Irish economy and the health of stock holdings held in the portfolio. There was an increasingly noticeable disconnect between the negative sentiment and the strong fundamentals of Ireland with the former winning out during 2018. Calendar YTD we have already seen a strong reversal of this prior trend and note a strong bounce in the performance of the market and many of the stocks held.

Top performers for the quarter were again dominated by more defensive healthcare and consumer staples names. We saw a strong bounce back in relatively illiquid names such as Amryt Pharma and Malin Corporation as well as Glanbia, Applegreen and Greencore. Higher yielding utilities such as Covanta and Veolia also performed well.

Underperforming stocks were dominated by a mixture of financial stocks such as Bank of Ireland and AIB Group as well as cyclical names Smurfit Kappa, Saint Gobain and Ryanair.

Quarter ending January 31, 2019 (MSCI Ireland -2.9%)			
Strongest portfolio returns		**Weakest portfolio returns**	
Amryt Pharma	+41.8%	Bank of Ireland	-15.0%
Malin Corp.	+29.5%	Smurfit Kappa	-11.4%
Covanta Holding	+11.6%	Total Produce	-8.9%
Applegreen	+9.1%	Saint Gobain	-8.2%
Glanbia	+8.7%	AIB Group	-6.8%

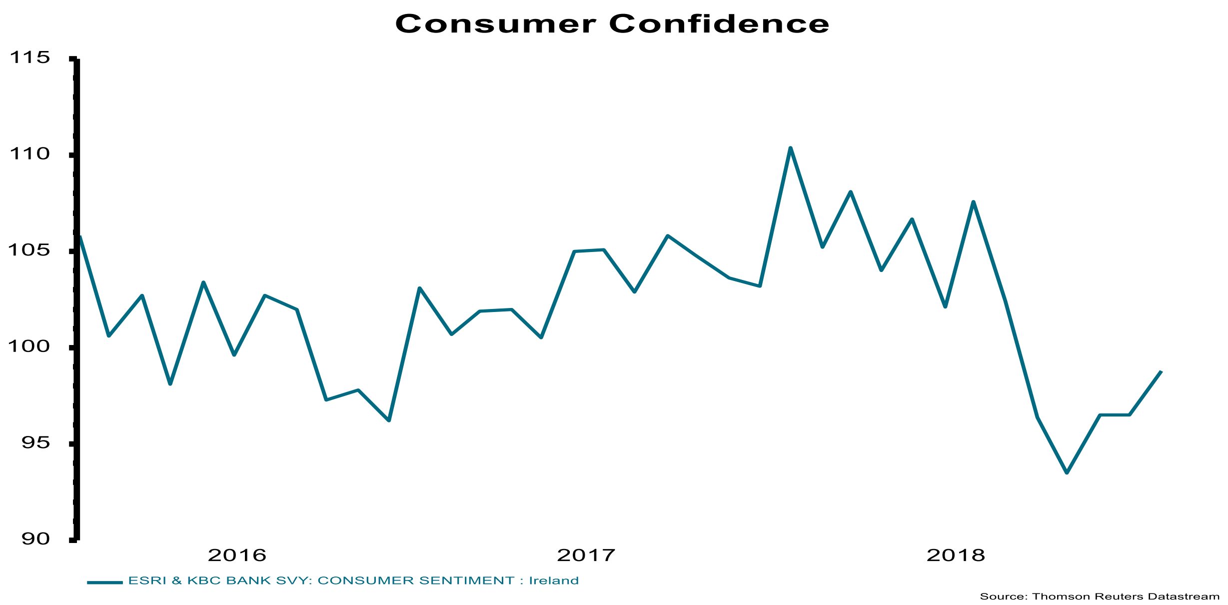
Irish Economic Review

In the latest available data, for Q3 2018, Ireland's GDP grew by 5.0% relative to the same quarter of the previous year, while GNP grew by 2.6%. The performance of both measures has been consistently strong, though extremely volatile, for some time. There are a range of other indicators which also give us a good sense of what really is happening in the economy, as below.

Retail Sales

Retail sales were very strong last year. The most recent data shows a year-on-year growth rate of 3.7%, for December, a very solid growth rate by historical standards.

Consumer confidence had been very strong, helped by a strong labor market, but as the chart shows there was a significant drop from July 2018 onwards. Although it is not possible to be sure of the reason for this decline, concern about the UK's withdrawal from the European Union ('Brexit') may have been a significant factor.



Business confidence

For the pattern of business confidence in the most recent data a distinct downward trend is evident, likely to be a result of the extraordinary uncertainty about the UK's exit from the EU, and how this may impact on trade with the UK, and via the UK to other countries.

Labor Market
There continues to be a steady trend downwards in unemployment. Ireland's unemployment rate is now substantially below the eurozone average.

Credit Growth
Credit to households and non-financial corporations is growing very slowly, after many years of declines. Mortgage lending grew by only 1.4% in 2018. The overall pattern is that while growth remains strong, it is certainly not debt-fueled.

Government Finances
The government is estimated to have achieved a small budget surplus in 2018, the first surplus since 2007, with a surplus of 0.1% of GDP. This represented a small, but significant, improvement from the modest deficit of 0.4% seen in 2017.

The debt/GDP ratio is estimated to have peaked in 2013, at about 120%, and we estimate that it fell to about 64% at the end of 2018.

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. However, at the time of writing (mid-February) agreement on the process for Brexit is unresolved, and even though we are just a matter of weeks away from the UK's scheduled departure on March 29th it is impossible to forecast with confidence which of the scenarios is most likely to occur.

Outlook:
For 2019, the Central Bank of Ireland estimates GDP growth of 4.8%, led by capital investment in particular. However, forecasts are highly dependent on the outcome of the Brexit process, and while the Central Bank's forecast is reasonable in a "benign Brexit" scenario, in our view growth will be materially lower if the UK leaves the EU in a disorderly fashion. In that scenario, we would tentatively forecast growth of no more than 3.5%.

Global Market Outlook

The final calendar quarter of 2018 proved to be a challenging one for global equity markets with the bulls of the previous decade's strong equity markets over-run by a combination of fears, notably focused on geopolitical concerns regarding US-China trade and Brexit, and in parallel a sudden hyped-up fear of an imminent and earlier than expected global recession. The market returns were negative and the more cyclical sectors performed poorly. The final quarter proved to be a battle between fundamentals and sentiment with the latter proving victorious.

So where to from here? We believe that fears of a global recession are overblown at this point and that fundamentals will prove constructive for further gains in global equity markets. That said, the bull market is quite mature by now, so expect more modest returns from here.

Over coming months, a key area of focus will be the geopolitical issues of Brexit and US-Chinese trade negotiations. From a fundamentals perspective, while we believe recession fears are overblown, it is reasonable to conclude that the global GDP growth rates of early 2018 have moderated and we will see more modest growth rates that will likely see some earnings downgrades during the first quarter reporting season. Much of this should already be in stock prices. Beyond these short-term hurdles that may hold markets at bay, we believe fundamentals do remain supportive for equity market progress based on:

- a continuation of the global economic expansion, albeit likely moderated
- continued earnings and dividend growth
- valuations that are at fair value levels and in some cases cheap (e.g. Emerging Markets)
- relatively muted inflation, which will limit central bank tightening
- progress in trade talks between China and the US
- eventual clarity on the nature of the UK's exit from the EU
- signs of a stabilization of the European economy led by Germany and France
- corporate leadership manifest by increased M&A activity, buybacks and higher dividends

As we have written about previously, the bull market has been characterized by investors continuously worried about some 'issue or other' for a decade. From our perspective, there are currently no major market or valuation extremes such as characterized and predated other market crashes, and therefore expect that this bull market and economic expansion will remain a slower and more moderate cycle, without the global crisis of 2008 or indeed the market crash of the early 2000s.

Irish Market Outlook:

The medium-term outlook remains very positive for both the Irish economy and stock-market. In the near term a couple of binary events that are impossible to predict will dominate, namely Brexit and US-China trade negotiations. This is a reason for us to remain patient while managing the portfolio and looking to the medium term rather than attempting to second guess near term events. The tone of markets has improved of late with some hope for macro and more importantly a very positive response from stocks to earnings releases. The earnings are proving strong and stock prices are responding positively and in particular those that were overly punished during the second half of 2018.