The New Ireland Fund, Inc.
Portfolio Manager Commentary
Quarter Ending April 30, 2019

Performance Review

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

Period to April 30, 2019	Benchmark* Return	IRL NAV Return	IRL NAV Return Relative to Benchmark
Quarter	+8.25%	+8.69%	+0.44%
Six months	+5.11%	+4.82%	-0.29%
1 year	-7.24%	-13.23%	-5.99%
3 years	+4.15%	-1.18%	-5.33%
5 years	+4.14%	+2.37%	-1.77%
Since inception	+7.15%	+7.21%	+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.

From the table below, it is quite clear that Ireland performed poorly over the past 12 months and is approximately 6% behind the overall broad Euro Stoxx 50 index in US dollar terms. The US market has significantly outperformed over the last 12 months, albeit not outperforming over recent months. The US dollar strengthened by over 3% and 7% over the past 3 and 12 months respectively, reflecting the global risk aversion of investors and the US dollar acting as a safe haven.

Market	Quarter ended April 30, 2019 Returns		Year ended April 30, 2019 Returns	
	Local	**US $**	**Local**	**US $**
Ireland SE Overall (ISEQ)	+13.3%	+10.7%	-3.4%	-10.4%
MSCI All Ireland Capped	+10.8%	+8.3%	0.0%	-7.2%
US Equities (S&P 500)	+9.5%	+9.5%	+13.5%	+13.5%
US Equities (NASDAQ)	+11.5%	+11.5%	+15.8%	+15.8%
UK Equities (FTSE 100)	+8.1%	+7.1%	+3.1%	-2.4%
Japan Equities (TOPIX)	+4.4%	+2.0%	-6.8%	-8.4%
European (Euro STOXX 50)	+12.2%	+9.6%	+3.0%	-4.5%
German Equities (DAX 30)	+10.5%	+7.9%	-2.1%	-9.2%
French Equities (CAC 40)	+12.7%	+10.1%	+4.7%	-2.9%

Note-Indices are total gross return

Investment Overview

Portfolio

Performance wise the portfolio had a very strong return for the second fiscal quarter and was ahead of the benchmark. For the calendar YTD (per table above), we have seen a strong start to the year in absolute terms. The Irish market experienced its most difficult year since the global financial crisis during 2018 but has bounced strongly since.

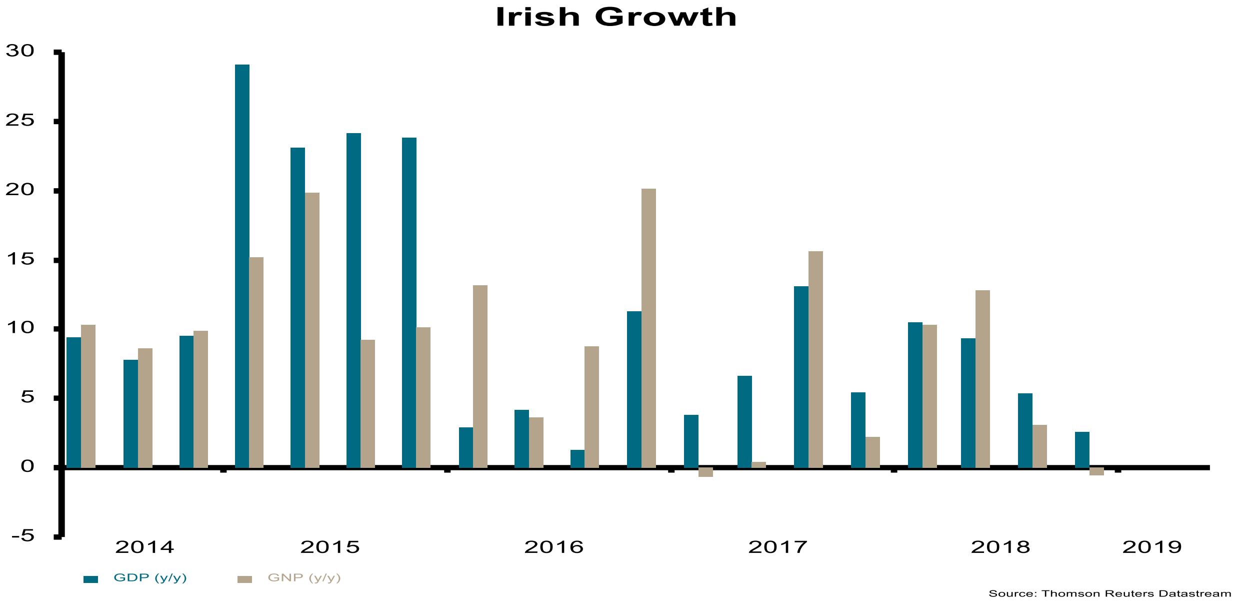
We highlighted previously a disconnect between good fundamentals as we saw them and sentiment when it came to the performance of the portfolio and stocks within it. Over the most recent months we have seen this reverse with a strong rally in the market driven not least by a reassuring set of earnings releases by companies across the board.

Top performers for the quarter were again dominated by a bounce-back in some of the more quality cyclical names across the property and construction sectors. Having been the strongest performer for the prior quarter, Amryt, a relatively illiquid name, was much weaker along with some of the more defensive Food sector names such as Greencore and Origin Enterprises. IPL Plastics was also weaker after a very strong previous quarter.

Quarter ending April 30, 2019 (MSCI Ireland +8.3%)			
Strongest portfolio returns		**Weakest portfolio returns**	
Kingspan Group	+28.6%	Amryt Pharma	-31.2%
Grafton Group	+20.8%	Applegreen	-18.5%
CRH	+18.7%	IPL Plastics	-10.6%
Greencore Group	+18.2%	Hostelworld Group	-8.8%
Saint Gobain	+18.2%	Total Produce	-7.2%
12 months ending April 30, 2019 (MSCI Ireland -7.2%)			
Strongest portfolio returns		**Weakest portfolio returns**	
Greencore Group	+39.8%	Hostelworld	-51.6%
Covanta Holding	+29.2%	Malin Corp.	-39.5%
Kingspan Group	+17.1%	Total Produce	-35.6%
Grafton Group	+13.6%	Cairn Homes	-34.0%
Kerry Group	+10.3%	Amryt Pharma	-31.4%

Irish Economic Review

In the latest available data, for Q4 2018, Ireland's GDP grew by 2.6% relative to the same quarter of the previous year, while GNP declined by 0.5% over the same period. This was a significant decline in the pace of growth from that seen in previous quarters, as the chart shows.

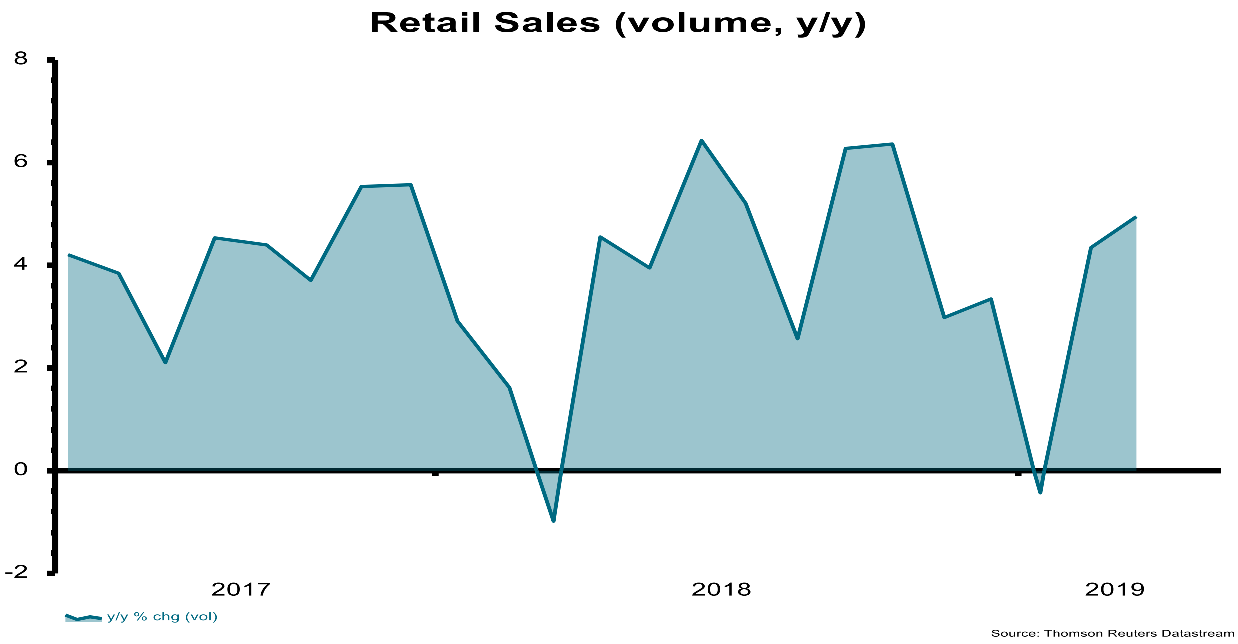


However, as frequently mentioned in these reports, GDP and GNP statistics for Ireland can be somewhat (or indeed very) misleading. The issue is not that the statistics are in error, per se, it is that GDP and GNP are no longer as useful as they once were in measuring the real change of activity in an economy, such as Ireland's, which is very open to international capital and trade flows of many kinds. In response, the Central Statistics office has started to produce a new indicator, "GNI*", which is designed to produce a measure of growth which is more meaningful, stripping out the impact of various factors such as redomiciled companies and depreciation of intellectual property. This indicator will, over time, help economists and policymakers to make a more accurate assessment of the pace of economic growth. In the short-term, however, it is of limited value as it not available on a quarterly basis, or in real (inflation-adjusted) terms.

Fortunately, there are 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.

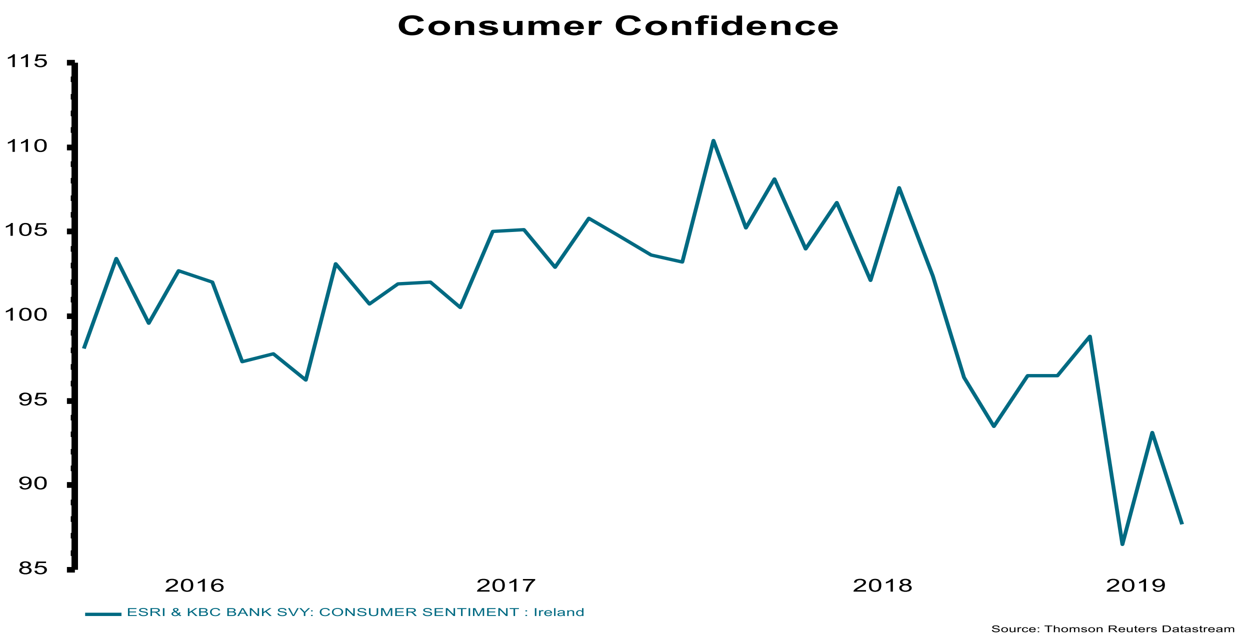
Retail Sales

Retail sales (shown in the chart following) have grown steadily, with the noticeable exception of March of 2018, when Ireland was hit by severe weather, which had a major adverse impact on consumer spending. The most recent data shows a year-on-year growth rate of 5.0%, for March, a very solid growth rate by historical standards.



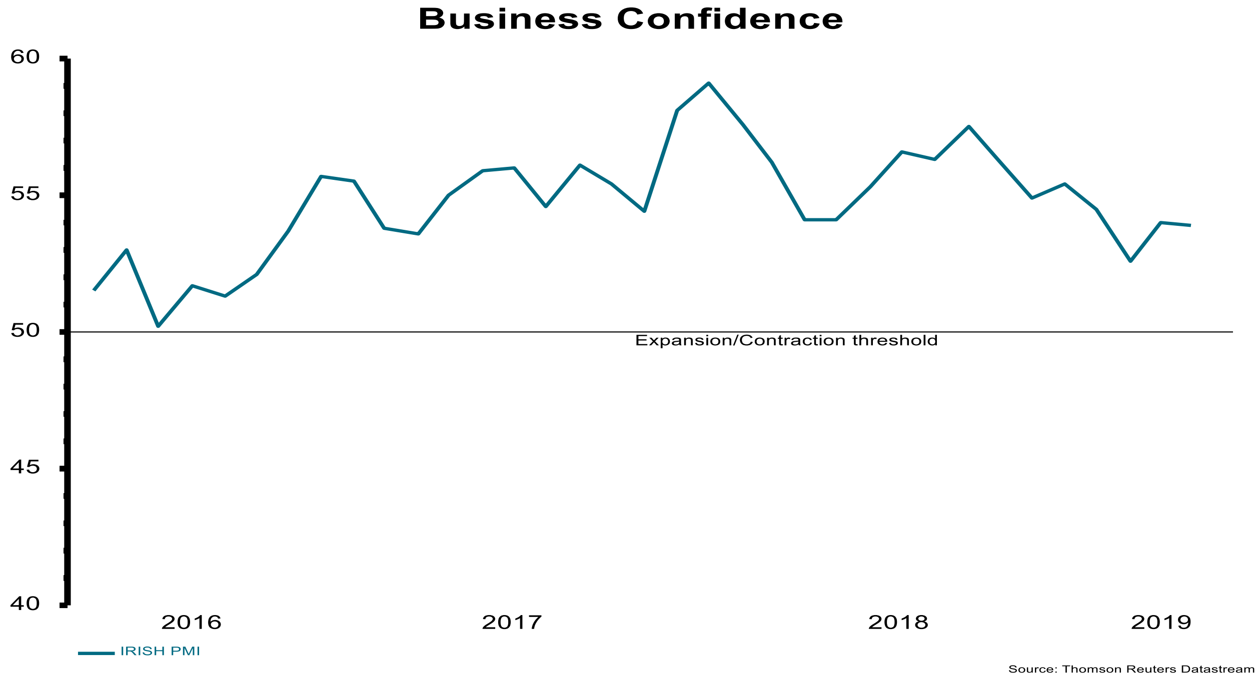
Consumer Confidence

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 be a significant factor.



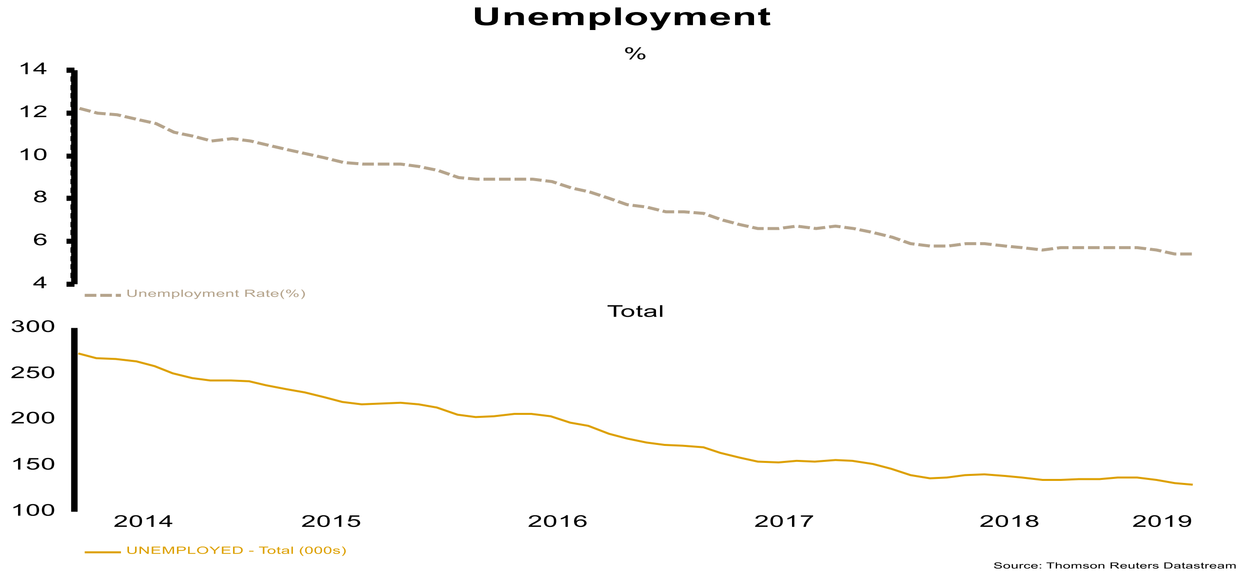
Business Confidence

The pattern of business confidence is somewhat different to that seen in consumer confidence. Over the last two to three years, business confidence has been quite strong, and well above the neutral level. The ongoing uncertainties around Brexit do not appear to have had a substantial impact on business confidence, perhaps surprisingly.



Labor Market

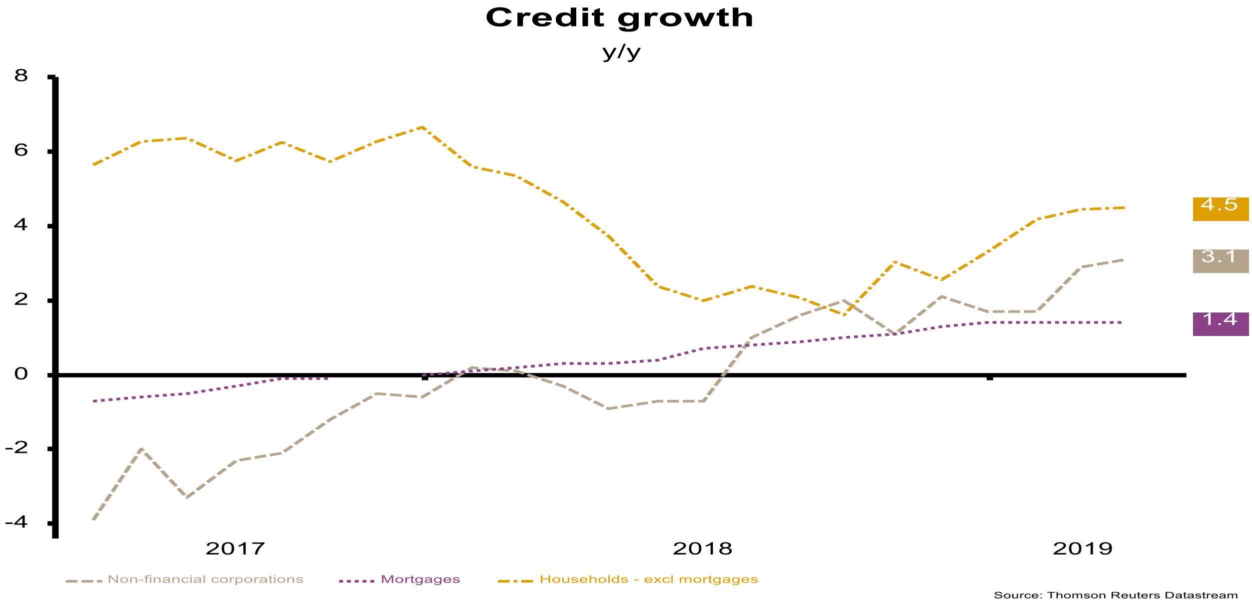
There continues to be a steady trend downwards in unemployment. The number of unemployed on this measure has fallen from a peak of 356,000 in January 2012 to 129,700 in April of this year. The unemployment rate has also declined and stands at 5.4% (also April data), down from a peak of 16.0%. Ireland's unemployment rate is now substantially below the eurozone average. However, it is noticeable that there has been a slight 'flattening' of the pace of decline in recent months. This may be due to uncertainty about Brexit.



Credit Growth

Credit is growing modestly, after many years of declines. Mortgage lending grew by only 1.4% in the year to March of this year, while loans to the non-financial corporate sector grew by just over 3% over the same period.

The overall pattern is that while growth remains strong, it is certainly not debt-fueled. Both the corporate and household sector have very significantly reduced their debt, in absolute terms, since the peak of the last cycle in 2009.



Government Finances

The government is estimated to have achieved a small budget surplus in 2018, the first surplus since 2007, with a surplus of less than 0.1% of GDP. This represented a small, but significant, improvement from the modest deficit of 0.3% seen in 2017. Brexit-related uncertainties create considerable difficulties in forecasting the fiscal outcome for 2019 and 2020, but if a Brexit 'crash' is avoided, there should continue to be modest surpluses in the years ahead. In the event of the UK leaving the EU with no withdrawal agreement in place, it is likely that the Irish government would undertake targeted additional spending and perhaps some modest tax cuts to offset the negative impact, leading to a budget deficit this year and next.

The debt/GDP ratio is estimated to have peaked in 2013, at about 120%, and we estimate that it fell to about 65% at the end of 2018 - though this overstates the real level of indebtedness as it excludes large cash-on-hand balances. On the other hand, distortions to the actual size of GDP are 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 very likely to leave the European Single Market and may also leave the Customs Union. 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, and on sea crossings between the Republic and the UK, which could be quite disruptive to trade.

In November 2018, agreement was reached between the UK government and the European Union on a Withdrawal Agreement that would, if implemented, result in reasonably free trade between the UK and EU for several years. If this deal is ratified by the UK and EU parliaments, there would still be some negative impact on the UK and Irish economies, but this impact would be quite limited, and disruption would be kept to a fairly low level.

However, the UK government has been unable to get parliamentary ratification for this agreement, which has led to an extension of the proposed Brexit date until the end of October 2019, while negotiations continue between and within UK political parties to seek a compromise that will allow an orderly Brexit by the end of October (or earlier if agreement is reached at an early date).

At the time of writing it is far from clear whether the agreement will be ratified by the UK Parliament, or whether an amended agreement will be ratified, or if the UK will depart the EU without any transition agreement. All these outcomes remain possible, although the extension of the Brexit date deadline to the end of October helps by providing some time for in-depth negotiations.

We believe that a disorderly exit of the UK from the EU would be very likely to result in significant, or perhaps even severe, disruption to international trade between the UK and the EU (including Ireland) for a period of time likely to be at least weeks, and possibly months. We estimate that there could be a negative impact on economic growth in Ireland amounting to at least 1% of GDP, with potential for a higher level of impact, although this should be seen in the context of an economy which is in reality probably growing at close to 5% per annum.

Outlook:
For 2019, the Central Bank of Ireland is forecasting GDP growth of 4.2%, led by capital investment in particular. However, forecasts are highly dependent on the outcome of the Brexit process (unknown at the time of writing), 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

After a relatively difficult final quarter to 2018, equity market returns were extremely strong for the first months of 2019, reversing many of the losses of Q4. In a nutshell, the strong rally was predominantly a mirror reflection of what occurred during Q4. Positive sentiment winning out, helped by:

- A de-escalation of fears for a global trade war as a result of ongoing US-China trade tensions;

- Central banks turning more dovish, particularly the US's Federal Reserve which significantly changed its interest rates outlook. The European Central Bank also appeared set to remain very much in dovish mode;
- An extension of the Brexit deadline, with a "no deal" exit not at all expected by markets; and
- Within equity markets and across asset classes, riskier sectors and assets generally outperformed with very large US and Emerging Market tech stocks re-emerging as a winner for the quarter.

Our central view is that fundamentals remain supportive for further gains in global equity markets but expect absolute returns from here to be more modest. After the strong gains in the first few months of this year, it is reasonable to expect that markets will tread water in a narrow trading range in the near term to allow fundamentals to 'catch up'. Economic growth has been slowing but importantly the major world economies are still growing and patient policymakers are again very market friendly in the absence of any significant inflationary fears!

We continue to believe that fears of a global recession are overblown at this point. Reassurance on fundamentals over coming months should continue to support higher global equity markets and pressure bond yields higher again. Returns available on cash and yields on fixed income are negligible and we note that global investor surveys show that investors are positioned very defensively with above-average cash holdings.

Markets are 'desperately seeking reassurance' on three fronts:

1) Geopolitical front: seeking positive deal-making between China and the USA and some further progress on Brexit;
2) Macro: confirmation of a growing not slowing global economy; and
3) Micro: despite negative earnings revisions of late, investors will look to companies to provide comfort on the outlook for their earnings.

With markets far from complacent we continue to monitor the various downside risks with our core expectation remaining that a gradually reassuring outlook will support further market gains.

<u>Irish Market Outlook</u>

The medium- and longer-term outlook remains very positive for both the Irish economy and stock-market. The next number of months will continue to have the Brexit outcome hanging over it and it is still seemingly impossible and indeed foolhardy to predict the final outcome. Near term sentiment looks set to be dominated by US-China trade negotiations. In managing the portfolio, we continue to focus on fundamentals to the medium term rather than attempting to second guess near term events.

We believe the support from equities will be dependent on fundamentals more than sentiment from here, with sentiment having been the predominant driver of the flip-flop between Q4 and Q1.

We believe earnings growth will be the most crucial driver from here, helped by a continuation of the global economic expansion, albeit at a slower pace.

In our opinion, overall valuations are at fair value levels after 10 years of a bull market. Across sectors at a global level we are concerned by the extent of the over-valuation of select pockets such as elements of the technology sector. However, Ireland is immune from this sectoral exposure.

It is also crucial that we see signs of a stabilization of the European economy led by Germany and France, and we expect to see corporate leadership via increased M&A activity. Buybacks and higher dividends should also support stocks.

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. We continue to build the portfolio in a balanced way and playing on many of the same themes at present, as we have over the last year. In fact, we have kept the faith in the existing themes with little change:

- Attractive dividend income---Greencoat Renewables; Covanta; REITS.
- Quality cyclicals---Ryanair; Kingspan.
- European recovery --- Saint Gobain, Veolia.
- Irish domestic economy recovery--- Applegreen; Dalata Hotel; Grafton Group, Glenveagh.
- Idiosyncratic bottom up picks---Mincon; IPL Plastics; Amryt Pharma; Malin Corporation.

For the portfolio, we remain confident but also ever vigilant as there are some near term political events that may challenge the outlook depending on the outcome. For stock picking, we continue to visit companies and meet with company management to keep up the research effort on bottom up stock picking for 2019.