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

Performance Review

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

Period to July 31, 2018	Benchmark* Return	IRL NAV Return	IRL NAV Return Relative to Benchmark
Quarter	-0.4%	-4.1%	-3.7%
6 months	-3.8%	-7.6%	-3.8%
1 year	+8.4%	-5.8%	-14.2%
3 years	+6.6%	+4.1%	-2.5%
5 years	+10.7%	+9.3%	-1.4%
Since inception	+7.6%	+7.8%	+0.2%

*Benchmark is the ISEQ ex Bank of Ireland up to July 31, 2011, the ISEQ from August 1, 2011 up to July 30, 2015, combined with MSCI All Ireland Capped Index ("MSCI Ireland") from August 1, 2015.

Investment Overview

Portfolio

Performance wise the portfolio had a negative return for the quarter in absolute and relative terms and for the calendar YTD. The Irish market has struggled YTD and that was the case over the quarter also. In general, we would highlight the following reasons:

- European equity markets have been underperformers with macro concerns that Europe is slowing as well as political spill over from Turkey and Italy;
- Very strong evidence that global asset allocators allocated a lot of money away from European equities. ETF flows confirm this as well as survey evidence;
- The lack of progress on Brexit negotiations appeared to affect sterling once more and sentiment deteriorated;
- Stock market wise, economically sensitive stocks were generally under pressure because of the above. As we know the Irish stock market tends to have little by way of defensive stocks or sectors;
- Stock specific names such as Ryanair and the banks have also weighed on the index and our portfolio. However, we remain confident on their fundamental outlook.

We do believe this to be a temporary challenging period for the market to make any headway, as reflected in our outlook later in this report.

Top performers for the quarter were newly added names Covanta and Mincon Plc. Paddy Power was also a relative outperformer. Underperforming stocks were Malin Corp the specialist life sciences company as well as Hostelworld. Cyclical names such as the property companies and construction companies e.g. Saint Gobain were also underperformers.

Quarter ending July 31, 2018 (MSCI Ireland -0.4%)			
Strongest portfolio returns		**Weakest portfolio returns**	
Covanta Holding Corp	+22.6%	Malin Corp PLC	-33.9%
Mincon Group PLC	+14.4%	Hostelworld PLC	-26.3%
Paddy Power Betfair PLC	+10.8%	Saint Gobain	-12.6%
Origin Enterprises PLC	+9.5%	UDG Healthcare	-12.3%
Greencore Group PLC	+6.4%	Ryanair PLC	-12.0%

Irish Economic Review

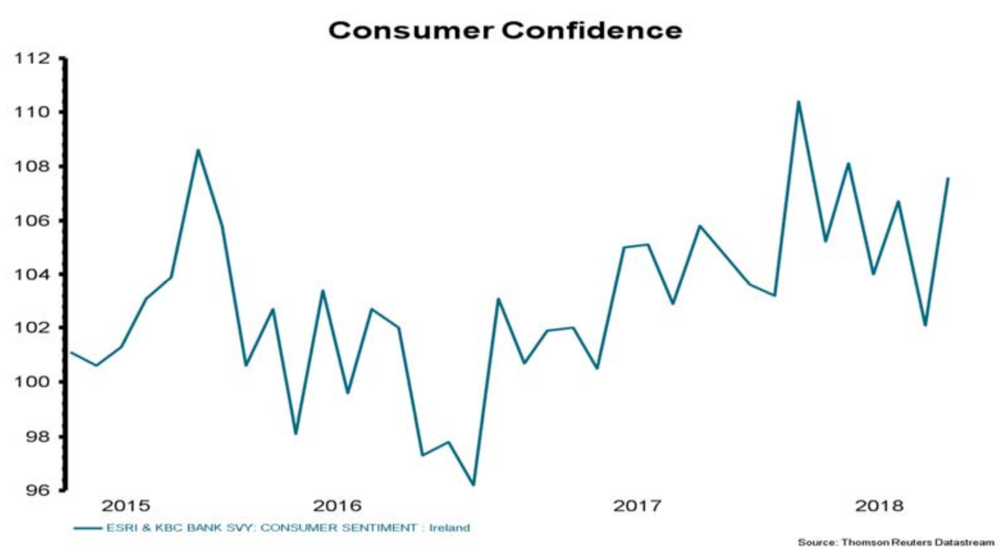
In the latest available data, for Q2 2018, Ireland's GDP grew by 10.0% relative to the same quarter of the previous year, while GNP grew by 9.4%. The performance of both measures has been consistently strong, though volatile, for some time. There are a range of other indicators which can be used to give us a good sense of what is happening in the economy.

Retail Sales

Retail sales have generally been very strong so far this year, with the most recent data showing a year-on-year growth rate of 7.0%, for June.

Consumer Confidence

Consumer confidence has generally been quite strong, helped by a very strong labor market and continued strength in residential real estate prices.



Business confidence

Business confidence has recovered quite well and has exceeded the level achieved in 2015.

Labor Market

There continues to be a steady trend downwards in unemployment. The unemployment rate has declined and stands at 5.1% (also July data), down from a peak of 16.0%. Ireland's unemployment rate is now substantially below the eurozone average.

Credit Growth

Credit to households and non-financial corporations is still growing very slowly. The overall pattern is that while growth remains strong, it is not being financed by debt. The non-financial corporate sector continues to reduce its indebtedness, as it has since 2009.

Government Finances

The government deficit is estimated to have been 0.3% of GDP in 2017, a 0.4% of GDP improvement relative to 2016. In the 2018 Budget, the government again forecast a very small deficit of just 0.1% of GDP, and forecast a return to balance by 2020.

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

"Brexit"

The decision of the UK to leave the European Union may have significant ramifications for the Irish economy. The scale of the negative impact is such that it is likely to be noticeable, but not dramatic. We estimate that growth may be 0.5% lower per year, which is relatively modest for an economy that is growing at a rate of more than 5% per annum.

Outlook:

For 2018, the Central Bank of Ireland estimates GDP growth of 4.7%. We believe that these forecasts are somewhat overcautious and expect stronger growth, in the region of 6.0%, although we recognize that risks remain elevated given the Brexit situation. Looking ahead to 2019, we expect growth of about 5%, on the assumption that the Brexit process is reasonably well-managed by the UK authorities.

Global Market Outlook

After almost a decade of a relentless equity bull market, global markets are struggling to make any gains so far during 2018. Our central scenario remains that we are in a synchronised growth phase for the global economy and that this will last for a few more years. We do not believe we are at the end of the current economic cycle but do acknowledge that any risks to this view are skewed more to the downside.

We expect further upside for equity markets over the next 12-18 months but highlight there are short term challenges and markets may find difficulty making progress in coming months:

- Geopolitics, especially trade wars.
- Brexit, some political instability in Germany and Italy and the US mid-term elections.
- Any signs of further increases in inflation.
- The fact that the abundant liquidity of recent years will continue to diminish with tightening by the Fed and the end of quantitative easing forthcoming by the ECB.

We have a positive medium-term outlook but reasons to expect little progress in coming months.

Asset class outlook: Equities

Our central scenario is that absent a material trade war we do not expect a material correction in equity markets nor a bear market. The equity bull market has been strongly driven by a narrow list of growth and momentum stocks and sectors. We believe that as confidence is restored in a synchronized global economic cycle, that a rotation within the equity market towards more economically sensitive sectors and style stocks will occur. This should lead the next upward phase of the equity market.

Irish Market Outlook

Despite much lack of progress by the market so far during 2018 we remain very confident on the prospects for the market and the portfolio stock positions. Firstly, the Irish economy and outlook looks robust. It will also be important that sentiment towards European economic outlook and equities picks up. We remain confident on the outlook and believe that over coming months we should see more evidence of economic resilience.

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. 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 as the Brexit deadline approaches and maintain a preferred exposure to the European and US economies for external exposure. As always, we continue to favor stocks with strong cash flows, attractive balance sheets and strong and well managed businesses.

It should not be assumed that the future performance of any company identified in this document will equal its prior performance or that any future recommendation regarding the securities of any such company will be profitable. These stocks do not necessarily reflect current recommendations and are not selected based on profitability.