

The New Ireland Fund, Inc.  
*Ireland – “Brilliant and Balanced” - recovery  
keeps outpacing the rest.*

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Kleinwort Benson Investors International Ltd.

- **Ireland**
  - Strongest growing economy in Europe
- **Europe**
  - Recovery but facing challenges
- **New Ireland Fund (“IRL”)**
  - Growth
  - Value
  - Yield



# Ireland macro update

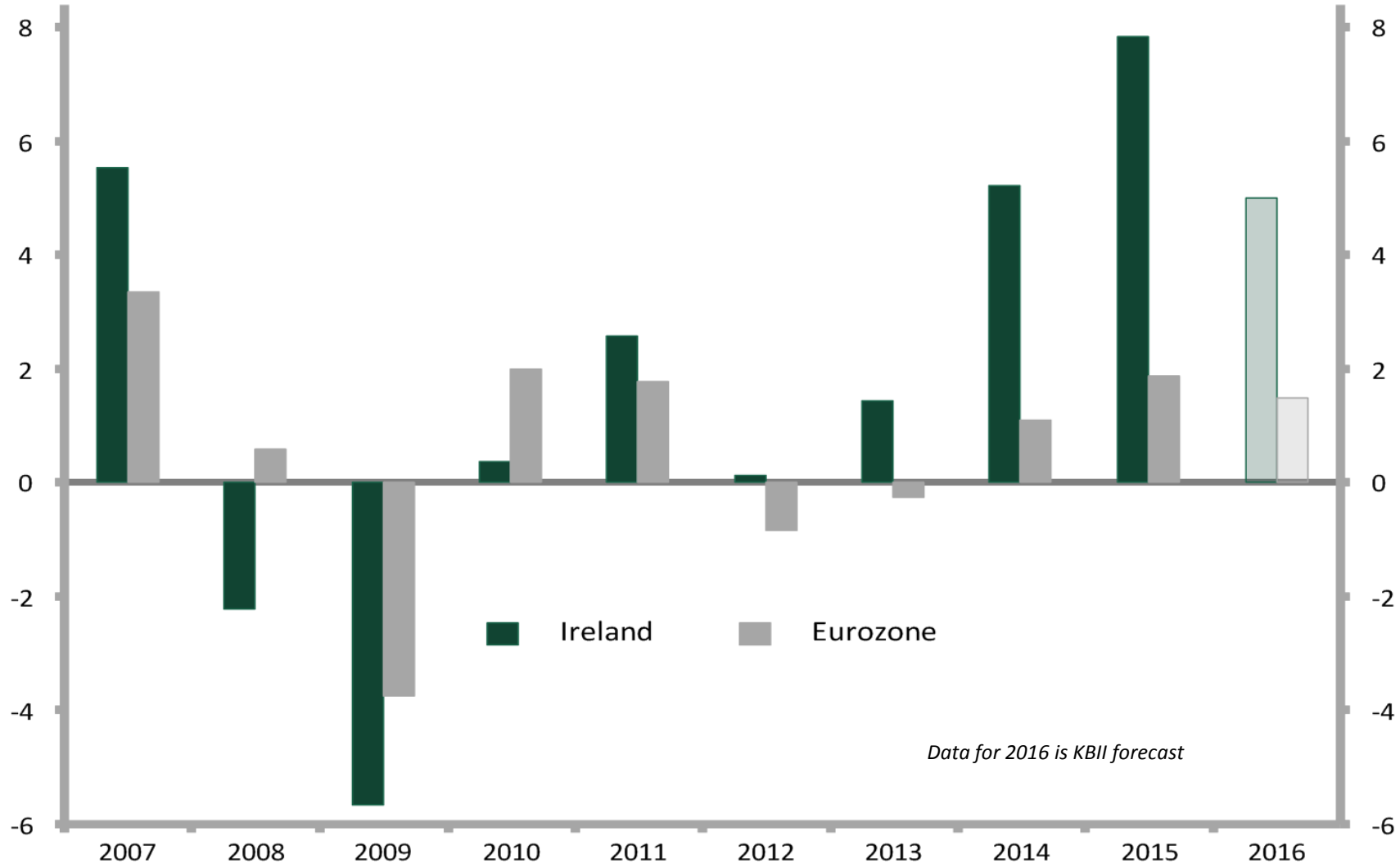
- **Growth**
- **Economic fundamentals improving**
- **Economic policies**



# Economic growth leader in Europe

● Kleinwort Benson  
□ Investors

GDP Growth  
annual, y/y



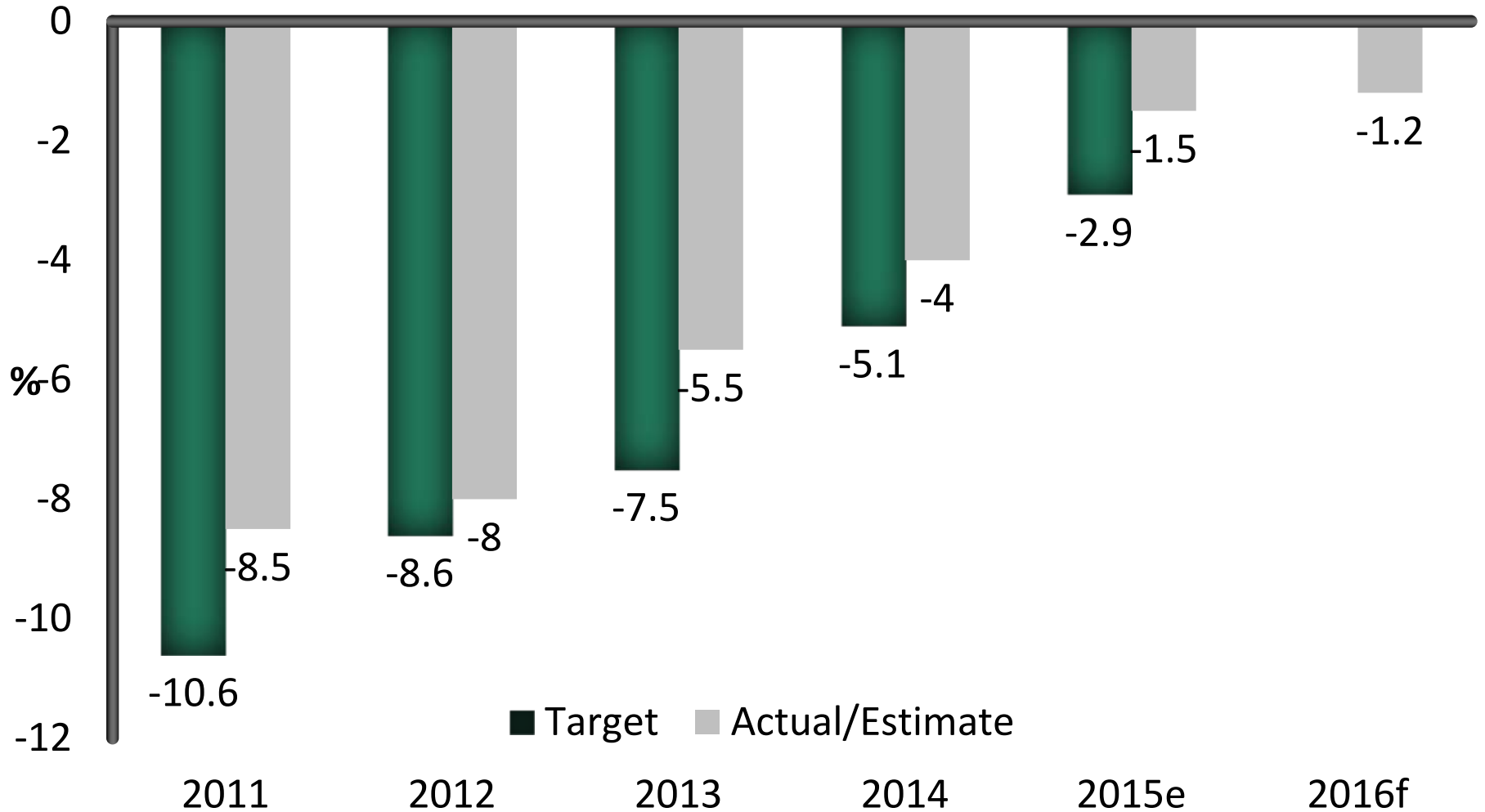
Data for 2016 is KBII forecast

Source: Thomson Reuters Datastream (Kleinwort Benson Investors for 2016)

# Beating deficit reduction targets

● Kleinwort Benson  
□ Investors

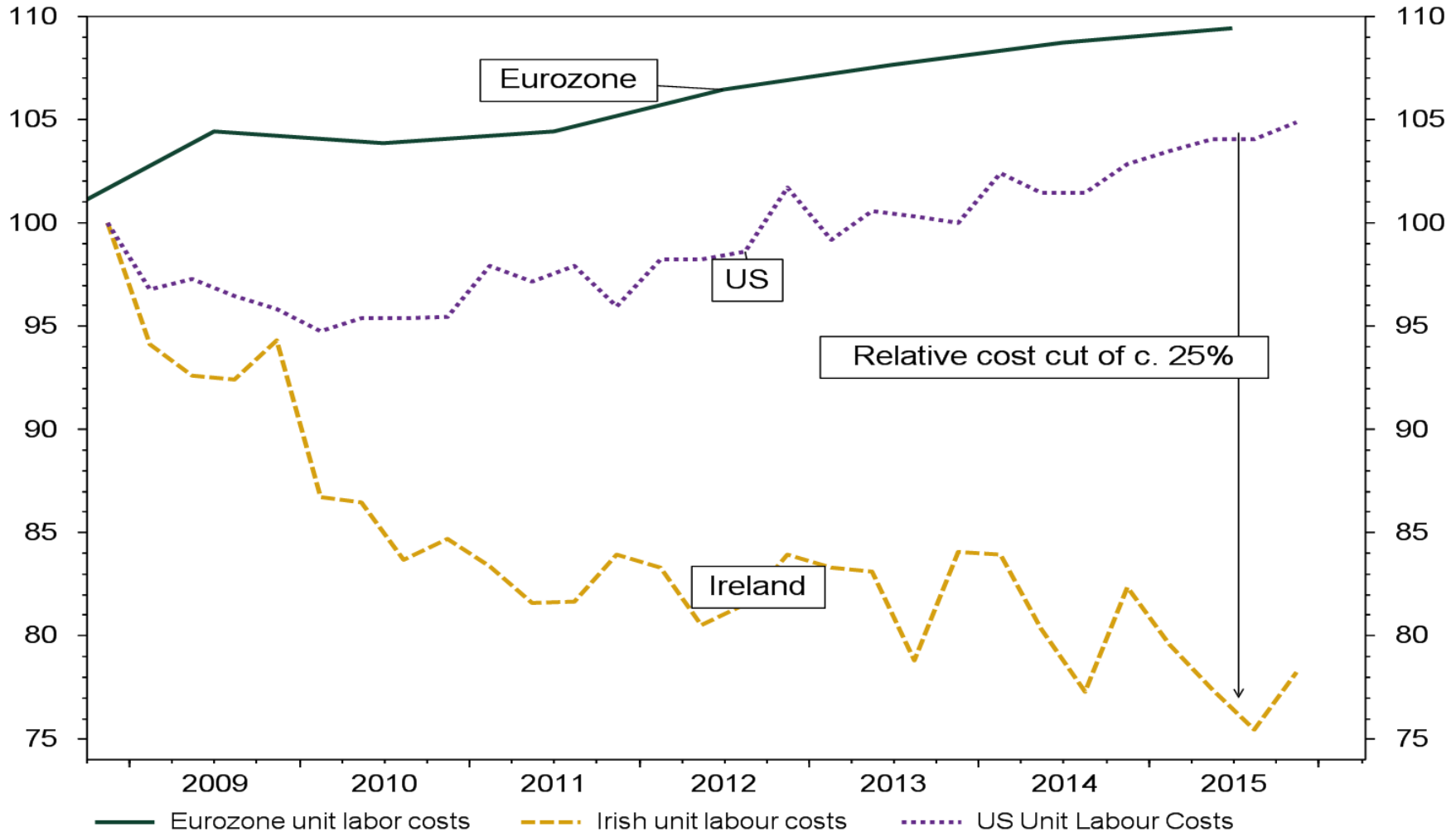
## Fiscal Deficit as % GDP, vs target



# Competitiveness gain (20%+ cut in labor costs)

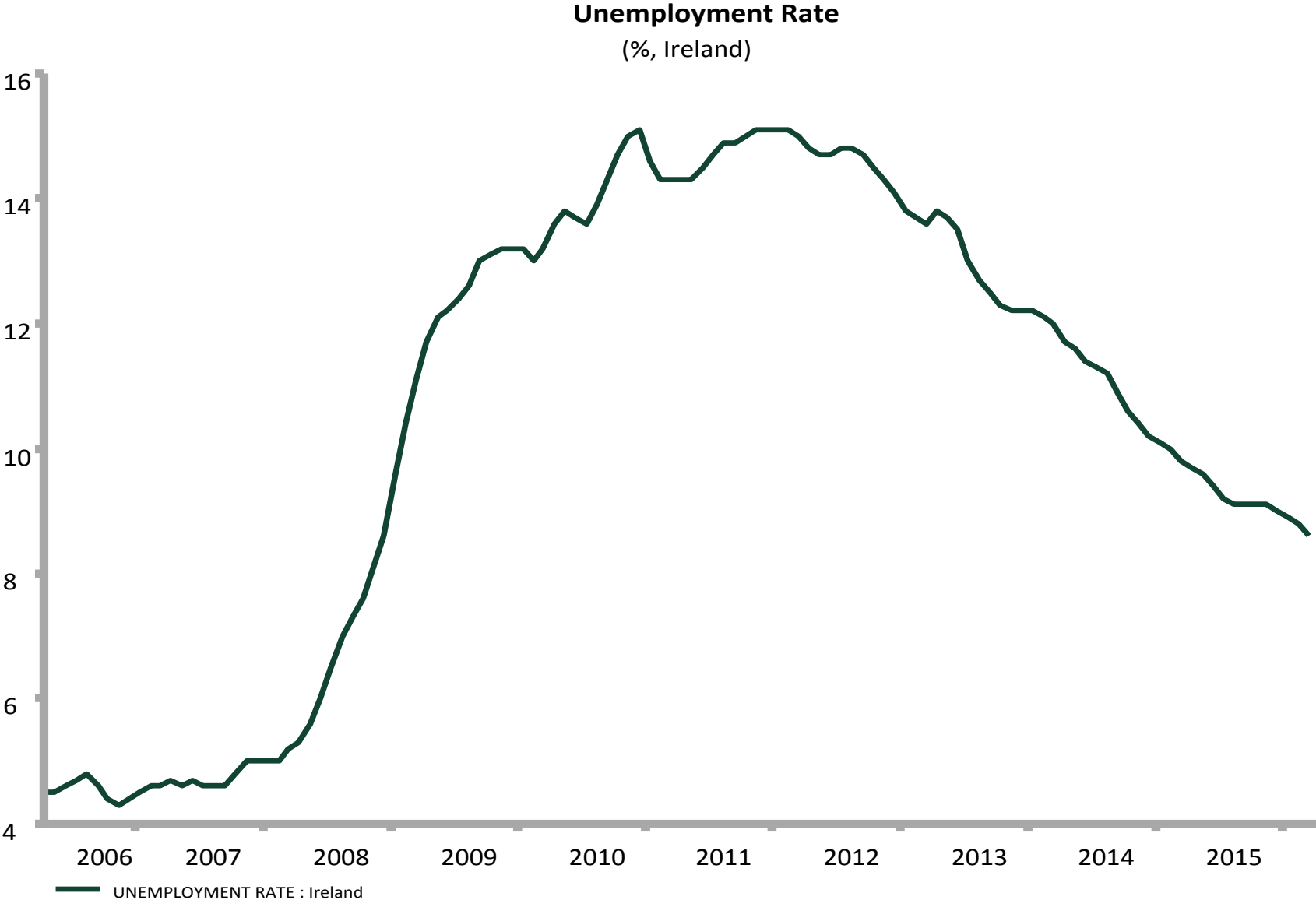
● Kleinwort Benson  
□ Investors

## Dramatic fall in Irish unit labour costs



Source: Thomson Reuters Datastream

# Employment improving steadily



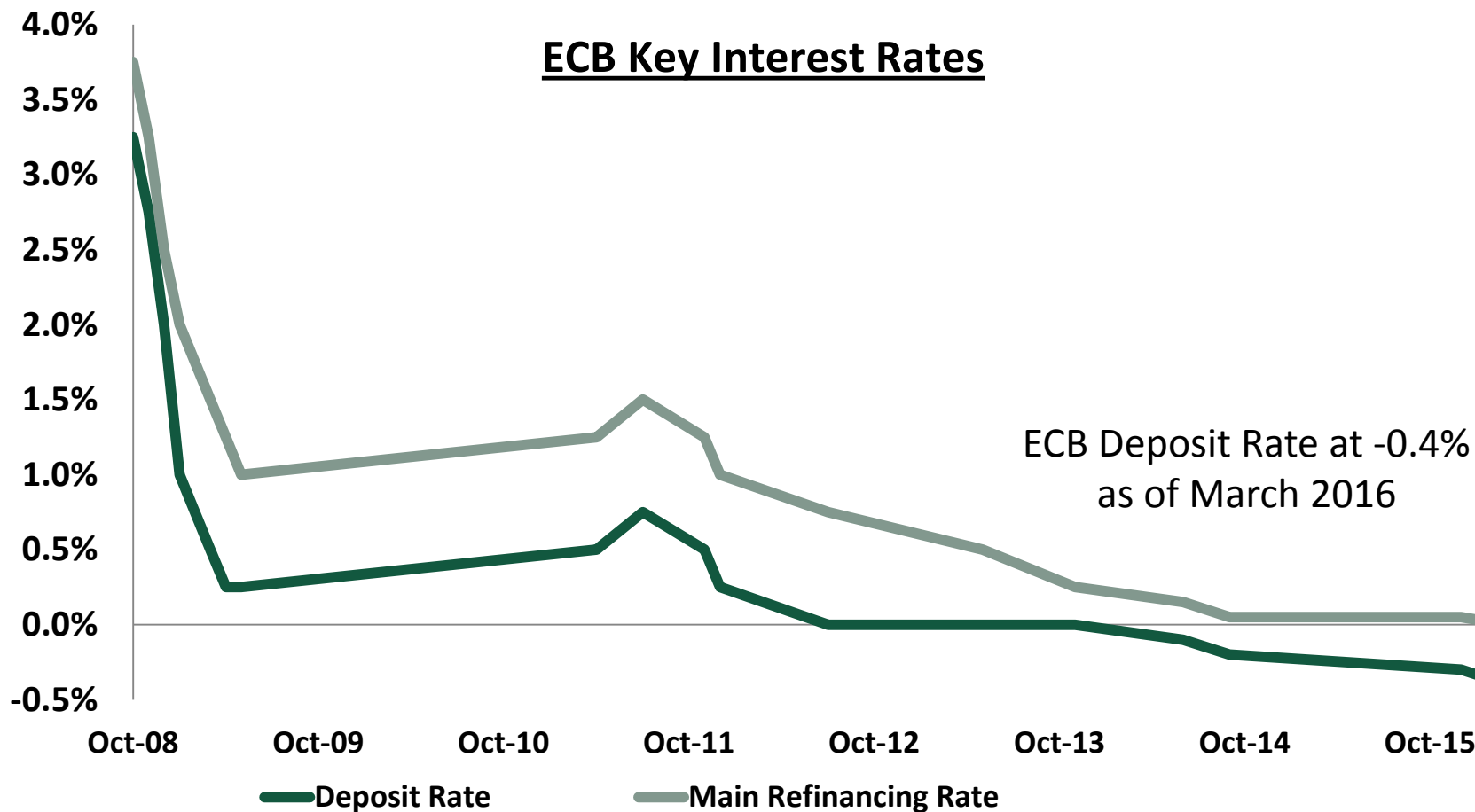


- No single party obtained a majority
- While not a certainty, most likely outcome is minority government
- FG and FF have both been in government in recent years, both have fairly conventional economic policies, both seen as market-friendly
- Protest parties do have support, but they are not ‘in the picture’ for government formation
- Overall: most likely outcome is continuation of successful economic policies

# European macro update

- **Modest, but positive growth**
  - 1.7% forecast for 2016 & 2017\*
- **Accommodative ECB policies**
- **Low energy costs benefit consumer & manufacturing**
- **But some headwinds**





**ECB policy benefits - Ireland issues 100 year bonds at 2.35% yield in March 2016**

Source: European Central Bank, Bloomberg

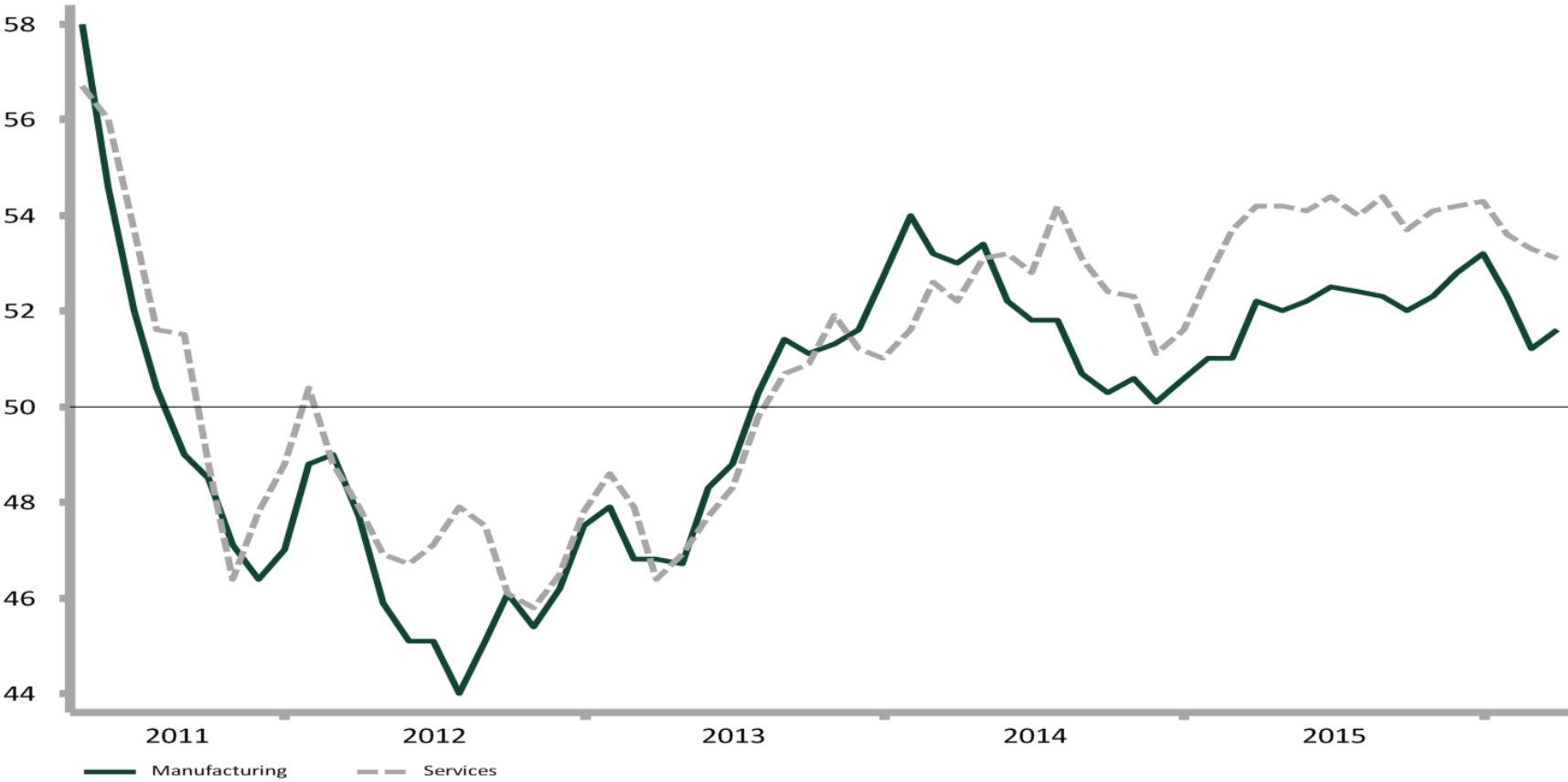
# Weak euro a significant boost to exports

### Euro/USD Exchange Rate



# Significant improvement in eurozone economy

### Eurozone Business Confidence



Source: Thomson Reuters Datastream

**Irish companies benefit from access to larger Eurozone and U.K. markets**

- Vote on June 23<sup>rd</sup>
- Polls extremely close at this point
- Reasonable expectation is that voters opt for ‘certainty and safety’ and vote *‘remain’*
- A *‘leave’* would be a negative and in particular for the UK rather than Europe as a whole
- Ireland has strong economic ties to the UK and a *‘leave’* vote would be a negative
- A risk that I have to factor in while constructing the portfolio at present

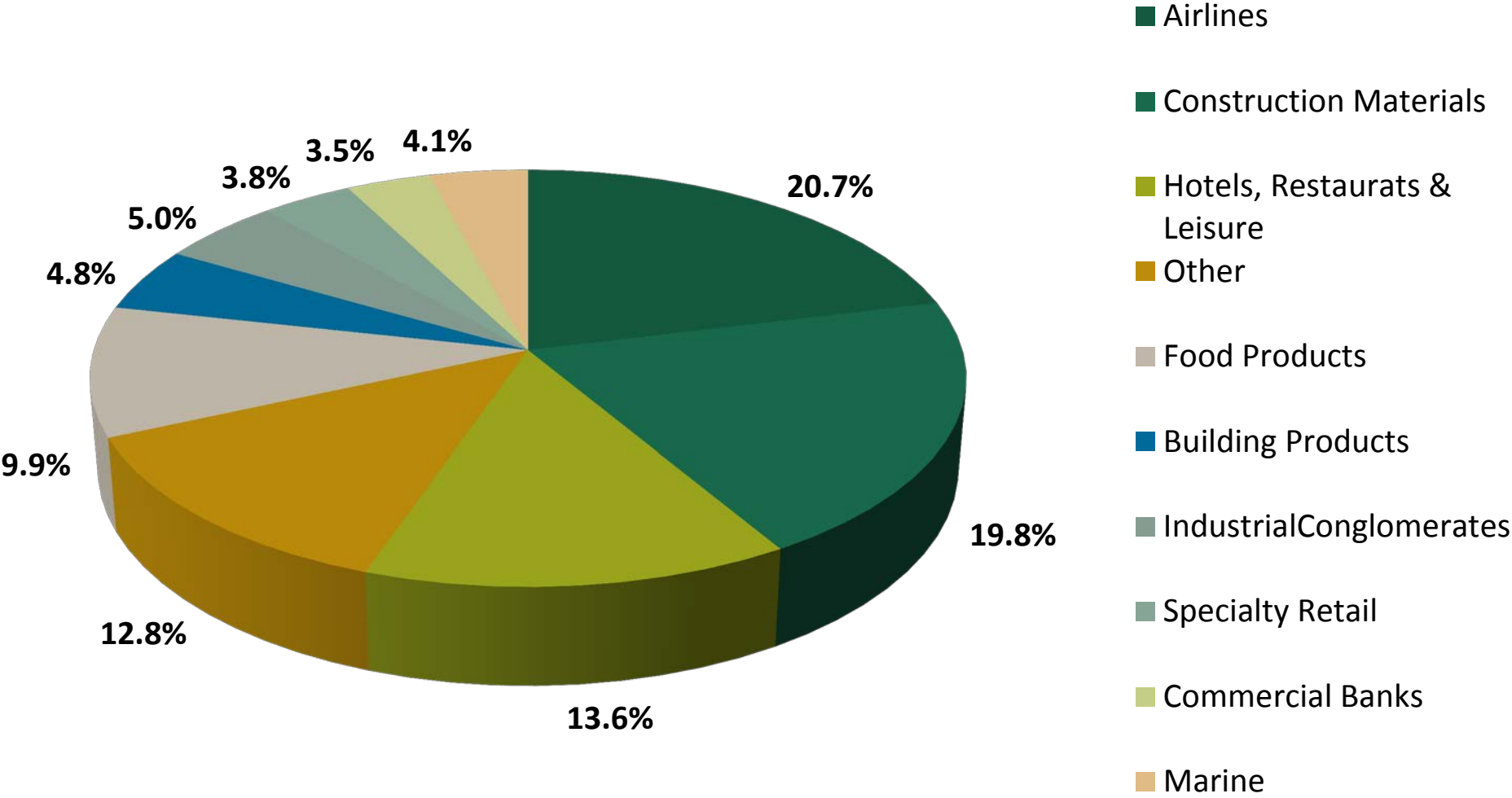
# Portfolio update & themes



- **Actively managed, concentrated portfolio**
- **Investment themes**
- **Positioning in the market**



## Sector Breakdown March 31, 2016



## #1 Domestic economy exposure



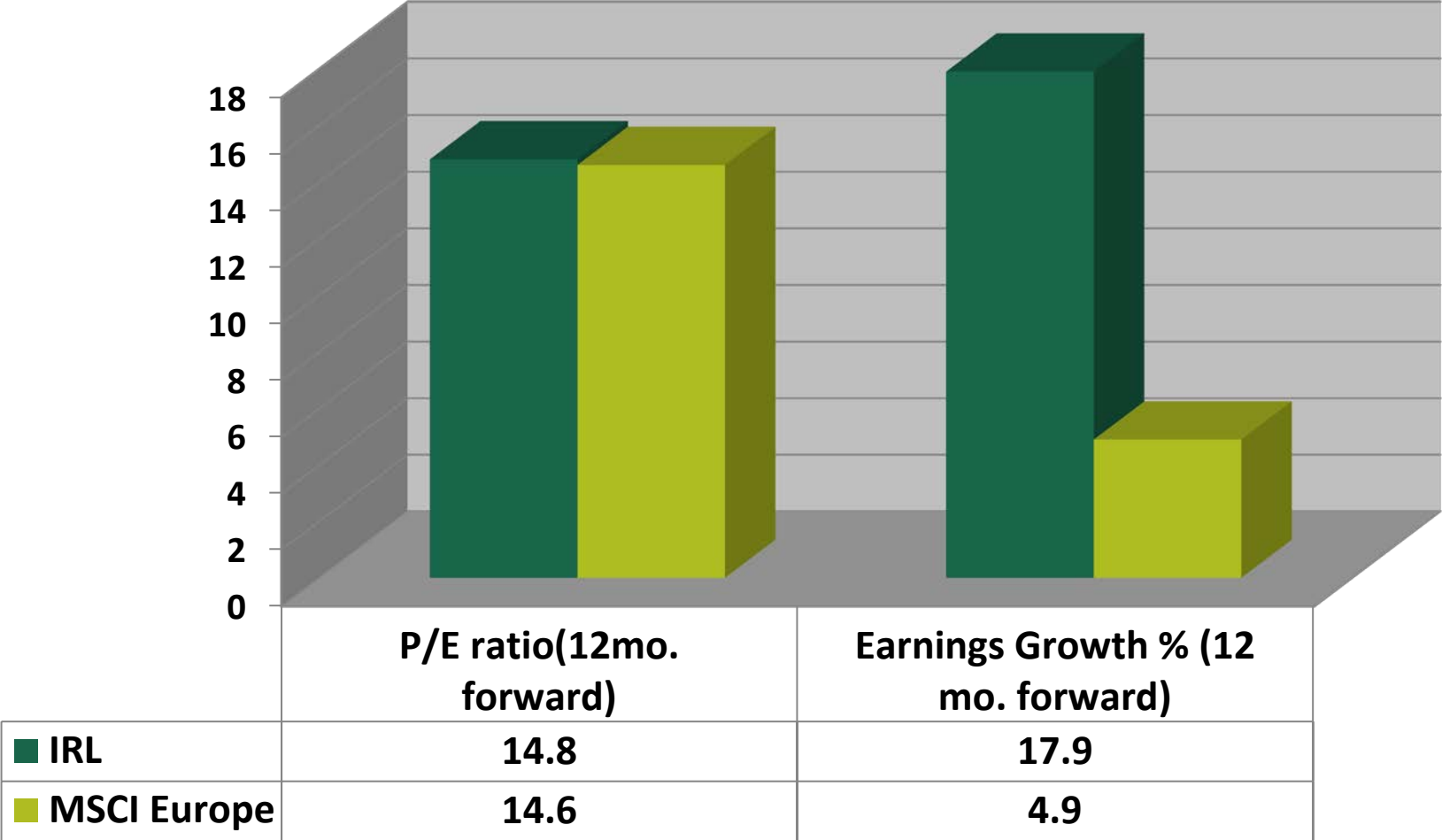
## #2 Quality companies geared to European recovery



## #3 World class companies



**IRL has stronger growth at similar p/e valuation to the MSCI Europe index**



Source: Kleinwort Benson Investors, Thomson Reuters Eikon, at April 10th, 2016

**Managed distribution provides stable quarterly cash flow**

Distribution	
Current Quarterly Distribution*	\$0.326 per share
Annualized Distribution Yield – Market Price**	9.99%
Annualized Distribution Yield – NAV**	8.64%

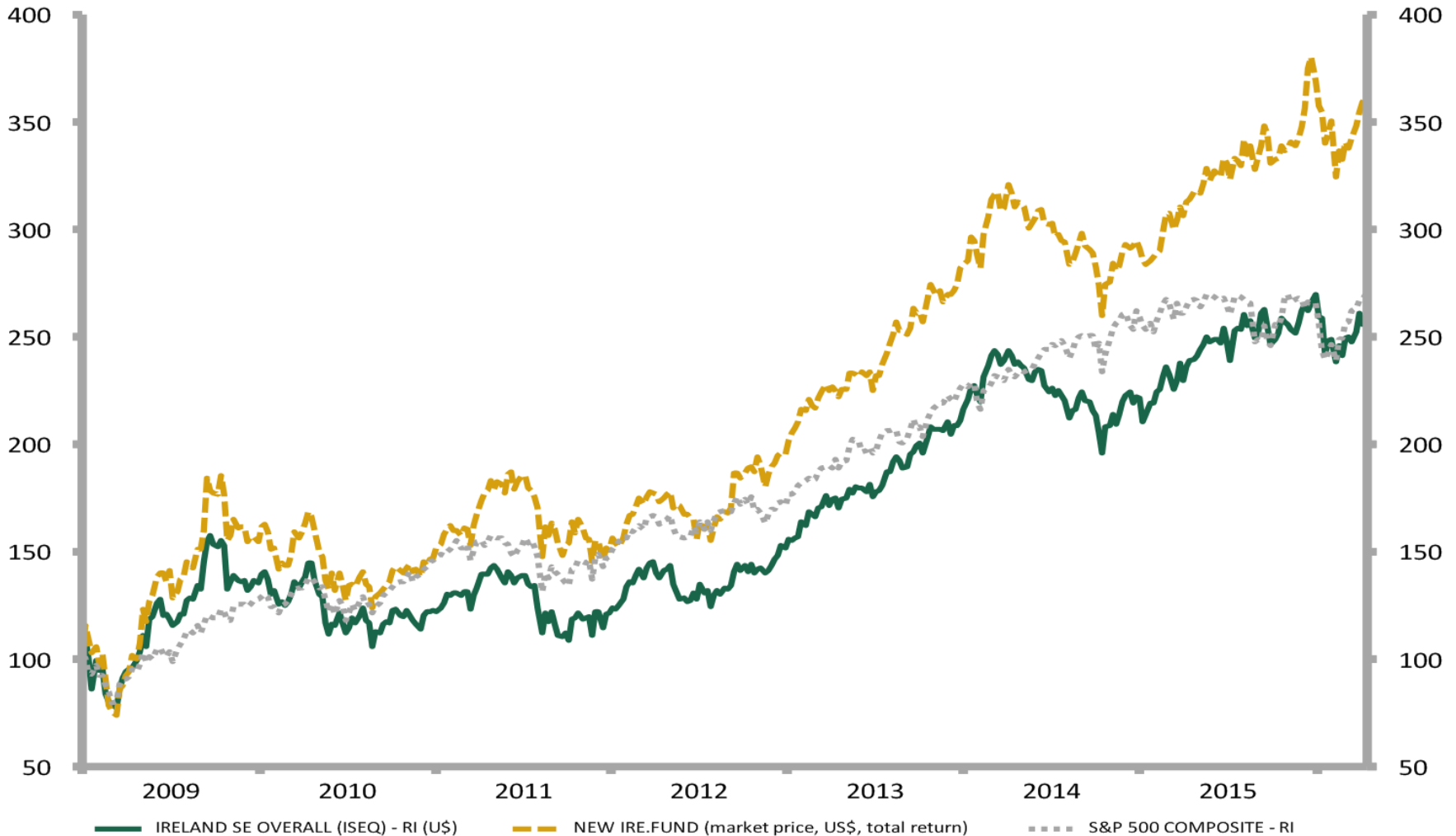
\*The Fund pays a managed distribution currently at a rate of 8% of the October 30, 2015 NAV. The distribution may include income, capital gains and return of capital.

\*\*As of April 15, 2016

# New Ireland Fund vs ISEQ and S&P 500

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Investors

Strong performance supported by earnings growth, quality of companies

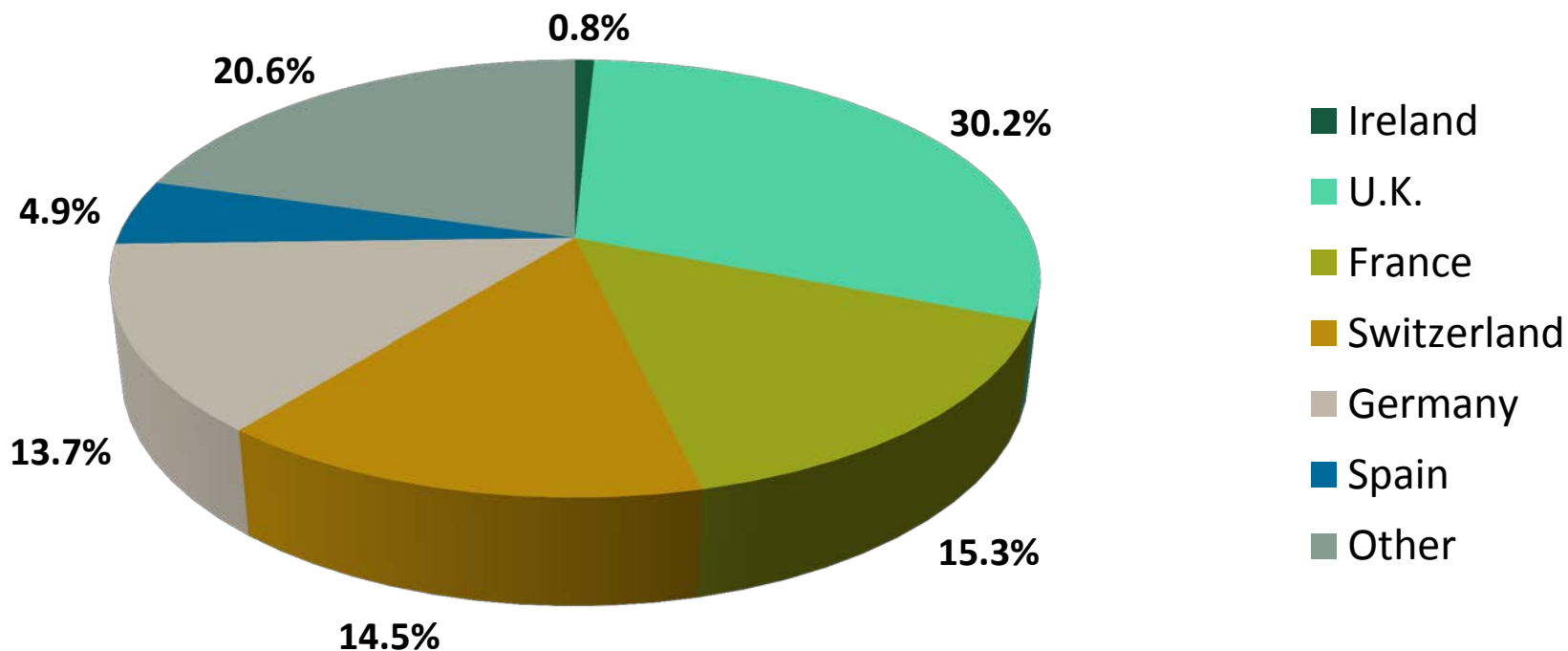


As of April 15, 2016

Source: Thomson Reuters Datastream

**Broad European indices provide little exposure to Ireland**

## MSCI Europe Country Allocation



Source: MSCI, BlackRock, MSCI Europe IMI Index (USD) as of January 29, 2016

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Fund shares are not FDIC-insured and are not deposits or other obligations of, or guaranteed by, any bank.

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**The New Ireland Fund, Inc  
c/o BNY Mellon Center  
One Boston Place  
201 Washington Street, 34th Floor  
Boston, MA 02108**

**Or contacting the Fund at 1-800-GO-TO-IRL ( 1-800-468-6475)**



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