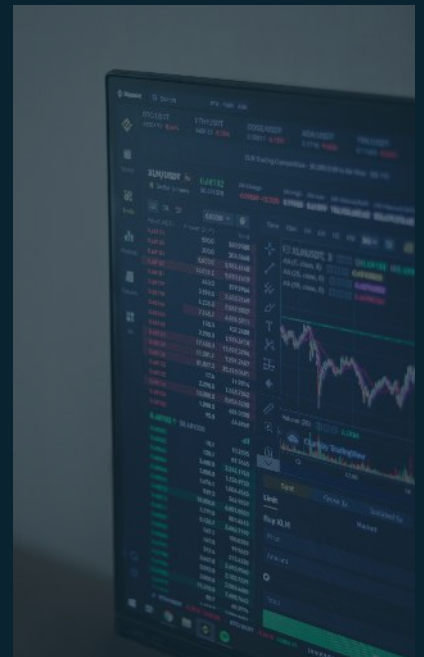


Chart-in-Focus

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This Country ETF Is Set For A Breakout

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Chart-in-Focus: iShares MSCI United Kingdom Index Fund ETF (EWU)

In this month's edition of Chart-in-Focus, we'll be highlighting a country ETF. The benchmark index for this particular country has experienced a significant breakout spanning multiple years. For investors seeking exposure to this market, utilizing the ETF eliminates the need to meticulously select individual stocks.

Investing through an ETF offers several advantages for investors. Firstly, ETFs provide diversification by holding a basket of securities, reducing the risk associated with individual stock selection. Additionally, they offer liquidity, as ETF shares can be bought and sold on the stock exchange throughout the trading day. Moreover, ETFs often have



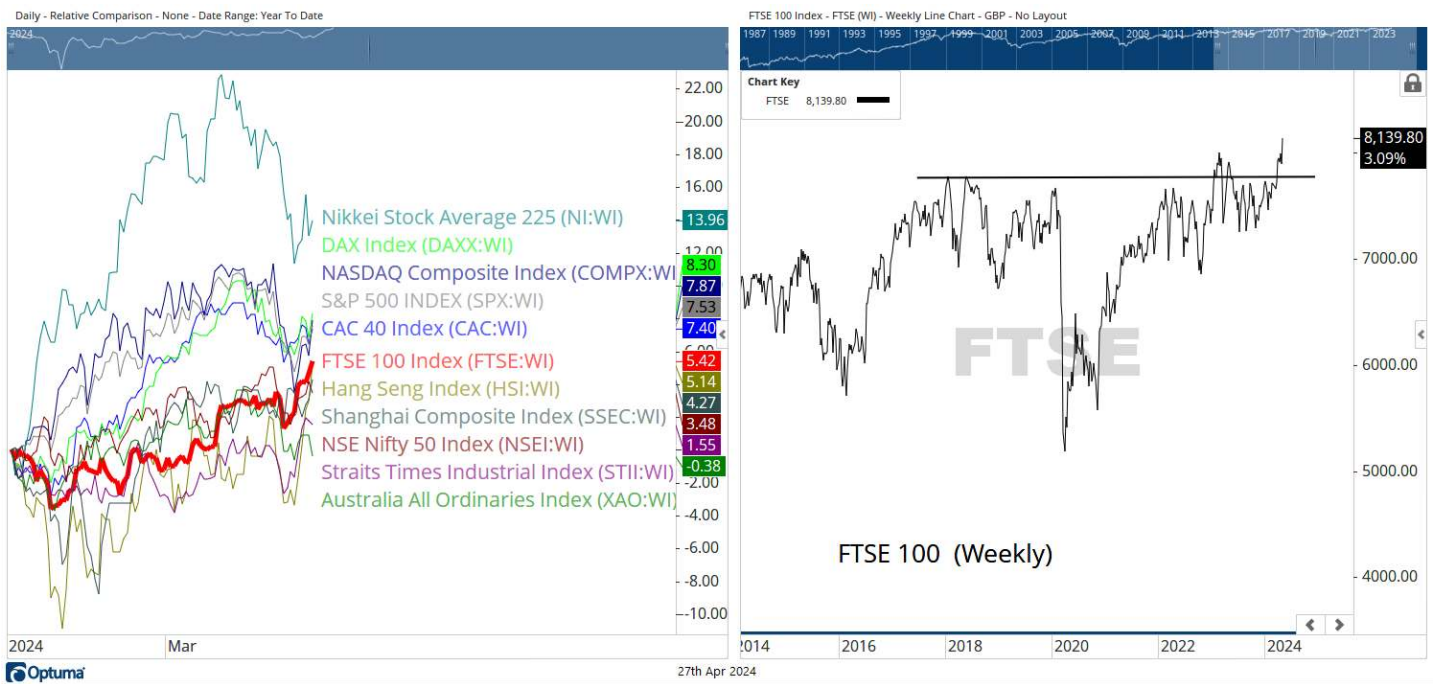
lower fees compared to actively managed funds, making them a cost-effective investment option. Lastly, they provide transparency, as their holdings are disclosed daily, allowing investors to easily track their investments. Overall, investing through an ETF provides a convenient and efficient way to gain exposure to various asset classes and markets.

The **iShares MSCI United Kingdom Index Fund ETF (EWU)** is a popular investment vehicle designed to provide exposure to the equity market of the United Kingdom. This ETF tracks the performance of the MSCI United Kingdom Index, which includes large and mid-cap stocks listed on the London Stock Exchange. By investing in EWU, investors can gain diversified exposure to the UK market without the need to select individual stocks. With its transparent and cost-effective structure, EWU offers investors a convenient way to participate in the growth potential of the UK stocks.

The primary objective of the Fund is to replicate the performance of the MSCI United Kingdom Index, which consists of UK equities. The Fund maintains a commitment to invest a minimum of 90% of its assets in securities from this Underlying Index, as well as in depositary receipts that represent securities within the Index. This strategy ensures that investors in the Fund gain substantial exposure to the UK equity market, aligning with the performance of the MSCI United Kingdom Index.

The UK's benchmark index FTSE 100 is currently attempting a multiyear breakout, presenting a promising opportunity for investors.

iShares MSCI United Kingdom Index Fund ETF (EWU)



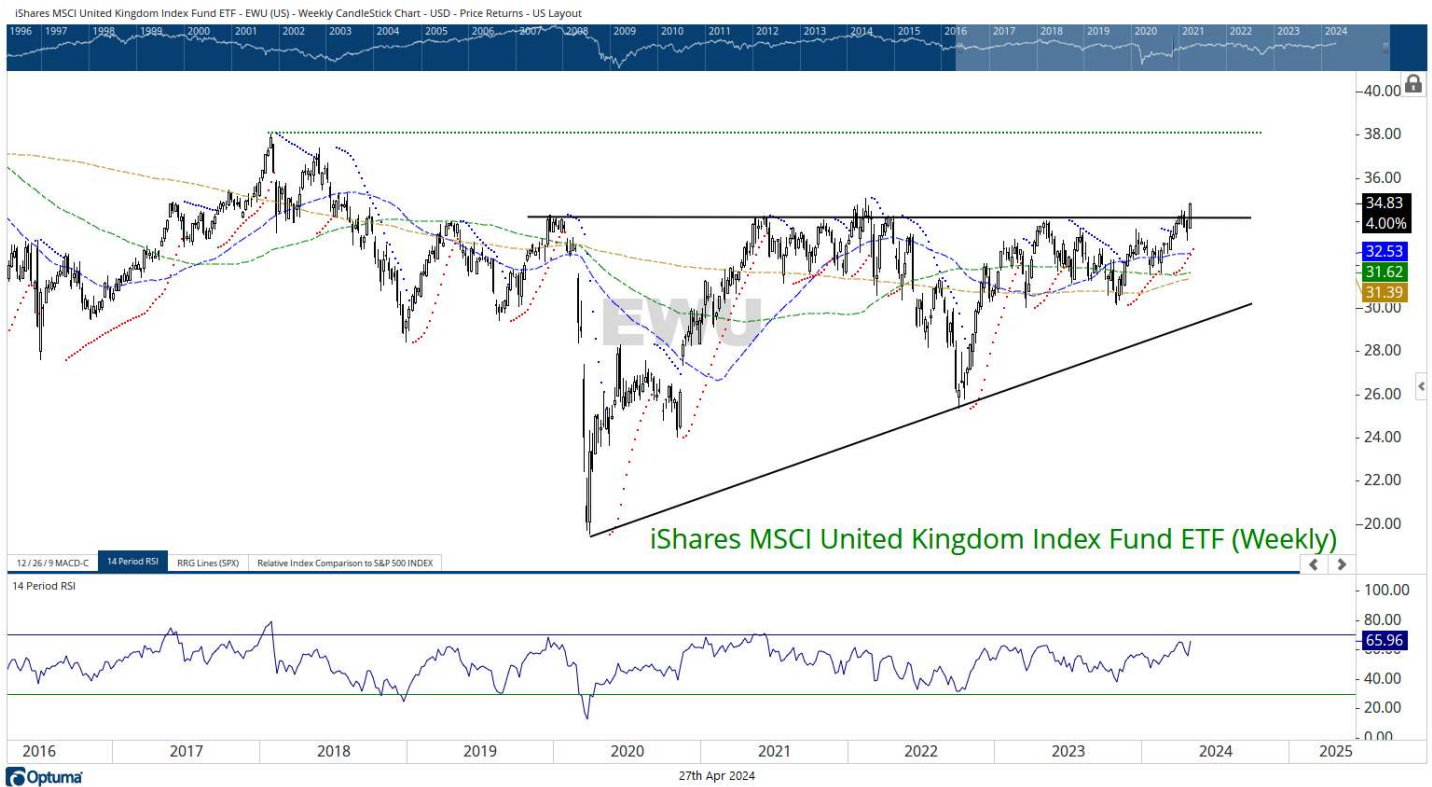
The examination of the relative performance of the global equities over the past year, it appears that the Nikkei, US, and the Indian equity benchmarks outperformed all other global equity benchmarks. Among the European indices, it was the German DAX that relatively outperformed its peers. The performance of UK's FTSE 100 index stayed mediocre with it returning the least as compared to the DAX and CAC 40.

The current year is no different. The examination of the Year-to-Date (YTD) performance shows that the top performance comes from the Nikkei, DAX, US, and the Indian indices, all returning in the range of 13.96% to 7.53%. Among European Indices, the German DAX has returned 14.94% and stays within the top four outperformers, CAC 40 has returned 7.40% while FTSE 100 lags by returning 5.42% on a YTD basis.

However, the technical analysis of FTSE 100, the benchmark UK Index shows that this situation may change. The FTSE Index is has attempted a strong multi-year breakout and is set for a major revaluation over the coming months.

One of the best method to track this country index is through its ETF - **iShares MSCI United Kingdom Index Fund ETF (EWU)**

Investment Objective: The iShares MSCI United Kingdom ETF seeks to track the investment results of an index composed of U.K. equities.



Weekly Chart of iShares MSCI United Kingdom ETF - EWU

The setup on the FTSE 100 chart also reflects well on this country ETF. The examination of the weekly chart of iShares MSCI United Kingdom ETF (EWU) shows that it has attempted a strong multi-year breakout on the chart.

EWU had its peak in 2007 (not seen in this chart). However, if we take a look back for just four years, this country ETF has practically done nothing. In 2020, the price was seen finding resistance between 34--34.25 levels. In April 2024 also, it has closed at 34.83. This means that practically for those who were invested in this ETF have not got returns on their investment.

Of course, since it tracks the country's equities, the non-performance was obviously the result of the UK equities not performing over the past four years. However, when this information is processed through the lens of technical analysis, it tells a different but encouraging story.

The price action in EWU over the past four years has led to the formation of an Ascending Triangle formation which is a bullish technical structure. Over this four years, the ETF tested the levels of 34--34.25 multiple times only to find resistance and suffer a retracement. However, each of these retracements made higher bottoms and this has led to the emergence of a bullish ascending triangle. It is important to note that such patterns always have a bullish resolution for most of the times regardless of where they occur.

The ETF has attempted a strong breakout from this formation. The RSI has formed a fresh high which is bullish. It stays neutral and does not show any divergence against the price. On both daily and weekly charts, the prices have closed above the upper Bollinger band. Even if there is a temporary pullback of the price inside the band, it increases the possibility of a sustainable breakout taking place.

The breakout is also accompanied by higher volumes; the On Balance Volume (OBV) hovers around the high which confirms the participation of volumes in the move.

When its relative performance is compared against global equities represented by S&P500 index, the Relative Strength line (RS Line) has marked a new high and remains in a strong uptrend.

A logical move and extension of the breakout may take this ETF higher towards its next immediate resistance of 38. This would mean a likely appreciation of 9.10% from its current levels. A move below 33 would negate this technical setup.

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