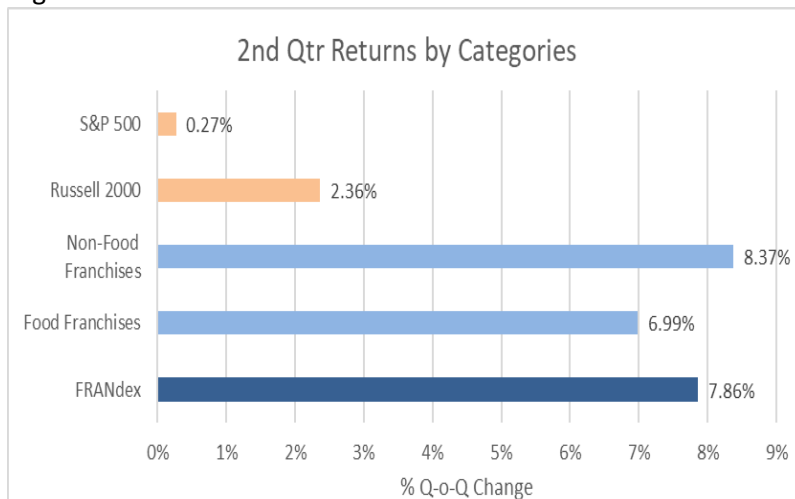
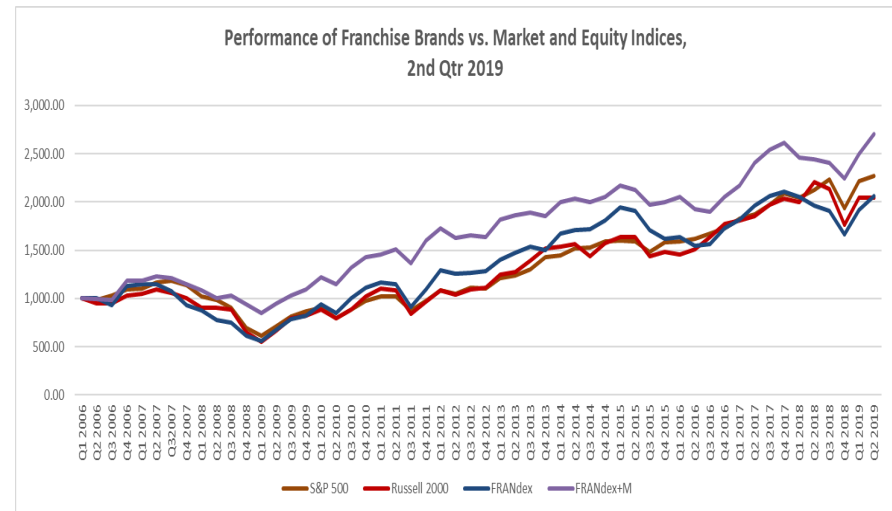


### FRANdex Registers Strong QoQ Growth Compared to Broad Indices

For the second quarter in a row franchises posted strong positive returns. In Q2-2019, franchise companies' returns significantly outpaced those for both Russell 2000 and S&P 500. Non-food franchises outperformed their food counterparts, with latter losing further market capital as "go-private" deals for brands like Papa Murphy's continued to impact the FRANdex in Q2. Returns for FRANdex increased by 7.86% Q-o-Q, with those for non-food companies up by 8.37% Q-o-Q.

Restaurant industry posted slower gains benefiting from off-premise sales as customer traffic declines were reported in April. Meanwhile growth among hotel stocks was dampened due to heightened concerns surrounding tariffs and slower macroeconomic growth. Q-o-Q returns for lodging franchises was up by 4.89%, compared to those for food franchises was up by 6.99%. Within the S&P 500 subset, it was a tough comparison to last year when growth was boosted by the tax cut legislation.



Small cap stocks experienced a sell-off, likely a function of higher sensitivity to slowing economic growth. Dashed hopes for an imminent resolution to the U.S. - China trade dispute appeared to be the primary factor in their overall slow growth. Capital spending in the U.S. picked up, a positive trend for the long run. In addition, there was also an uptick in wage increases while corporate pricing power remained weak. Many events on the horizon in Q3, like interest rate cuts, trade war uncertainties, likelihood of Brexit, etc., could influence the path of least resistance of the stock market.

FRANdex tracks the performance, based on market capitalization, of 60 U.S.-based publicly-traded companies operating under and generating significant income through the franchise business model.

Data was adjusted for outliers, new listings and de-listings. Data as of 7/1/2019 | McDonald's represents over 25% of the overall market capitalization of publicly traded franchise companies. It is excluded from the base FRANdex, but shown above as FRANdex+M.

For more information about franchise company performance call FRANDATA at 800.485.9570 or [www.frandata.com](http://www.frandata.com).