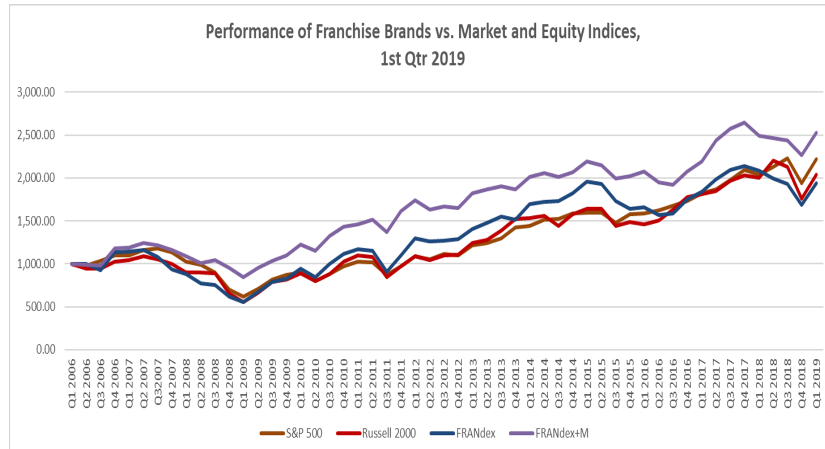
# FRANdex

## Index of Publicly-Traded Franchises

1st Quarter 2019

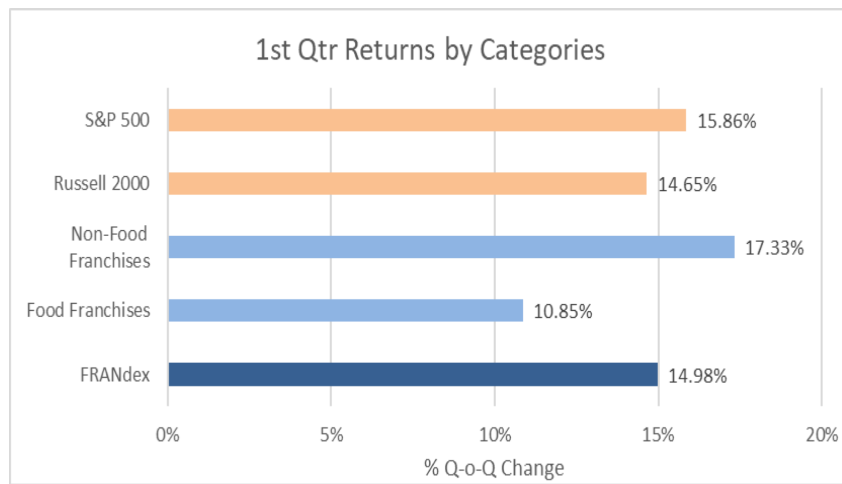
## FRANdex Growth Linear to Broad Indices to Start 2019 Strong

The year is off to a great start, with franchises posting positive returns in the first quarter. In Q1-2019, franchise companies' returns slightly outpaced those for Russell 2000, and were almost in line with those for the S&P 500. Non-food franchises significantly outperformed their food counterparts, with latter having lost a lot of market capital due to the recent spate of "go-private" deals. Returns for non-food stocks increased by 17.33% Q-o-Q, while those for food companies increased by 10.85% Q-o-Q.




Food franchises benefitted from adoption of strategies like online ordering and third-party delivery services, while hotels gained following strong pipeline projections for the year. Companies like Restaurant Brands International (QSR), Hilton (HLT) and Marriott (MAR) were major winners in Q1 2019 after adjusting for component weights. H&R Block (HRB) and Realogy Holding (RLGY) took largest losses for this quarter.

Small-cap stocks dipped into bear market territory when recession fears triggered a massive sell-off in December 2018 but rebounded strongly in Q1. The U.S. Federal Reserve's pause on interest-rate hikes helped push markets up, but wage growth is already threatening corporate profit margins. Going forward, markets are expected to face possible challenge from rising bonds, amidst Brexit concerns.




FRANdex tracks the performance, based on market capitalization, of 60 U.S.-based publicly-traded companies operating under and generating income through the franchise business model. All index levels are normalized to 1,000 at Q1 2006 for comparison purposes, and all remaining periods are adjusted accordingly. As 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.

Data was adjusted for outliers, new listings and de-listings. Data as of 4/4/2019| For more information about franchise company performance call FRANdata at 800.485.9570 or www.frandata.com.