



# Sell: McDonald's Corporation

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| SEPTEMBER 2026 | HOLDINGS UPDATE | JENSEN QUALITY GROWTH STRATEGY |
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## Investment Thesis and What Led Us to Sell

Our original investment thesis centered on McDonald's position as a high-quality, durable global consumer franchise with exceptional brand recognition, significant scale advantages, and an attractive asset-light business model. The company's predominantly franchised structure supports strong margins, consistent free cash flow generation, and relatively low capital intensity, while its enormous restaurant footprint and global brand create significant competitive advantages. Historically, McDonald's has also demonstrated an ability to adapt its menu, pricing, and operating model to changing consumer preferences while leveraging its scale to drive attractive returns for shareholders.

Over time, however, the investment case has become increasingly challenged. Several years of significant menu price increases weakened McDonald's value perception, contributing to persistent traffic pressure, particularly among lower-income consumers. With further pricing flexibility increasingly constrained, efforts to restore traffic have required a greater emphasis on value-oriented promotions, potentially creating tension between corporate objectives and franchisee economics. At the same time, competitive intensity has increased, while recent efforts to improve restaurant hospitality and service suggest that some of the company's challenges extend beyond affordability and into restaurant-level execution.

While we continue to view McDonald's as a high-quality business with substantial competitive advantages, pressured traffic, diminished pricing flexibility, franchisee tension, and mounting execution challenges reduced our confidence in the company's ability to deliver consistent long-term growth. Additionally, the increasing adoption of GLP1s for weight loss may represent an additional threat to future growth assumptions. As such, we concluded that the position no longer served its intended role in the portfolio and elected to exit.

## Company Overview

McDonald's Corporation (ticker: MCD), headquartered in Chicago, Illinois, is the world's largest restaurant company by systemwide sales and one of the most recognizable consumer brands globally. Founded in 1940, the company has evolved from a U.S. hamburger chain into a global, predominantly franchised restaurant platform. Today, McDonald's operates and franchises more than 40,000 restaurants across over 100 countries, with approximately 95% of locations operated by franchisees. This highly franchised model allows McDonald's to generate recurring, high-margin royalty and rental income while limiting the capital intensity associated with restaurant operations. McDonald's global scale, brand recognition, extensive real estate footprint, purchasing power, and deeply established franchise system remain among its most significant competitive advantages.

Strategy holdings are subject to change and should not be considered recommendations to buy or sell any security. For a listing of the Quality Growth Strategy's current holdings, please visit [www.jenseninvestment.com/growth-composite-holdings](http://www.jenseninvestment.com/growth-composite-holdings).

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