



## 2 “Defensive” Stocks That Have Been Anything But Defensive

### Description

When I started looking at the stocks I will talk about in this article, what drove me to them was the [defensive](#) nature of their businesses, but even more than that, it was their exposure to what I view as a secular growth opportunity — that is, the trend toward healthy and organic foods.

In this day and age, when we are all getting more and more information about the foods we eat and their impact on our health, this trend seems like it can only accelerate.

So, I searched for companies that are involved in the business of providing consumers with organic and/or healthy foods.

### SunOpta ([TSX:SOY](#))

SunOpta is currently trading at multi-year lows, as the last few years have been anything but stable.

SunOpta specializes in the sourcing, processing, and packaging of organic and non-GMO (not genetically modified) food. The company has the advantage of being vertically integrated and of having a large network of organic farms that they source from.

In the last 10 years, the organic foods market has more than doubled, with growth rates expected to continue to far exceed growth rates in the general conventional food market.

Similarly, the non-GMO food and beverage market has grown at a 10.3% rate in the last year, far outpacing conventional growth rates.

But the good news stops here.

It seems that while SunOpta is positioned in the right niche of the food and beverage industry, it has not been able to effectively capitalize on this.

And while the revamping of the company’s management team and a realignment of incentives were

possible catalysts, the company continues to underperform. Recent results show declining revenue and margins.

Going forward, incentive programs based on margins, debt reduction and the stock price, as well as the company's value-creation plans still have the potential to turn things around.

## Freshii Inc. ([TSX:FRII](#))

Clearly, Freshii is all about fresh.

With 370 locations globally, the company has positioned itself as the healthy fast-food option.

Again, that is where the good news ends.

After continued disappointments, the stock is trading at less than half of what it was trading at a year ago. The company has recently withdrawn guidance after it seems evident that 2019 projected growth plans will not happen.

Third-quarter same-store sales declined 0.8% and expenses have skyrocketed, as the company has had to step up its spending in order to support its franchises.

This [hit investors and the stock hard](#).

So, while the macro trend remains, this company has not been able to capitalize on it, thus making what was supposed to be a defensive stock anything but.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:FRII (Freshii)
2. TSX:SOY (SunOpta Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

### Date

2025/08/15

### Date Created

2018/11/17

**Author**  
karenjennifer

default watermark

default watermark