
Buying Cheap is Hard

Greg Hoffman emailed me this [Fairfax article](#) a few weeks ago.

As Greg pointed out, terms used in the article - like 'conditions are still too poor even for bargain hunting' and 'uncertainty remained too great to justify investing' - are clumsy fund manager code for 'we won't buy at any price'.

Perhaps pessimism is still justified. Iron ore prices are still well above long term averages. We also haven't bought miners yet, and might not ever. But our Australian fund has invested in the similarly-troubled mining services sector. There also, others are finding 'uncertainty too great' and 'conditions too poor', and so are selling to us at just about any price.

Value investing is as easy to understand as it is hard to execute. Stocks only get really cheap when no one else wants to touch them—and that never happens without some justification. It's overreaction we're looking for.

If value investing was easy to execute, it wouldn't work.