"The time to buy bargains is when you find them."

Seth Klarman, October 2, 2008

"What better time is there? If not now, when? Was it a better time to invest three years ago? Six years ago? And the answer is no. What is happening today, as in most bear markets, is that people either don't have the cash or they don't have the stomach - hence the low valuations."

Bruce Berkowitz, December 2008

Six months ago many of us felt that we had failed to take full advantage of the best buying opportunity in decades in early 2009. The market had risen 58% off its March 2009 low and, whilst there was still some value to be had, there was nothing like the plethora of bargains that had been available earlier in the year.

It is now looking as though the sovereign debt issues of Greece and the other PIIGS (Portugal, Italy, Ireland, Greece and Spain) economies may give investors another opportunity to buy high quality businesses at very cheap prices. The companies that have attracted our attention on a valuation basis over the past few months predominantly sit in the S&P ASX 20 Index. They are blue-chips, both in terms of their market capitalisations and by virtue of the fact that they are strong and sustainable businesses with clear competitive advantages and excellent management. The global financial situation and short term market outlook (particularly for sectors such as banking, insurance, property and retail) means that investors are currently able to add quality businesses such as CSL, Westpac, QBE, Westfield and Billabong to their portfolios at very attractive prices.

Whilst it still makes sense to have sufficient cash sitting on the sidelines to take advantage of any absurdly attractive opportunities that might appear, incrementally adding to these investments at current prices is likely to bear fruit in the long term.

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