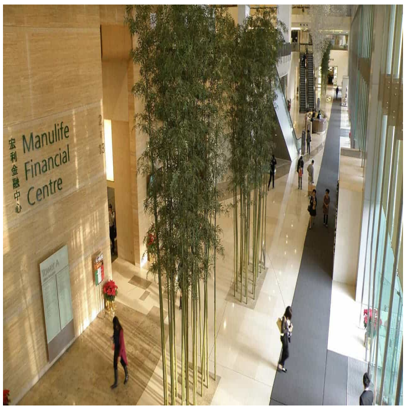

Manulife Financial Corp. Stock Is in the Bargain Bin

Description

The average person relishes the opportunity to pick up a tangible good that's on sale.

Just head down to your local shopping mall during Boxing Day and you'll witness the madness that ensues once doors finally open and consumers stampede in order to pick up marked down merchandise that didn't sell during the Christmas shopping season. Door crashers aside, a lot of the deals really aren't that great either – at least, not for the items that you actually want or need. As a result, you'll probably end up buying something anyway so you don't feel like you've missed out and lost money by not buying anything.

When it comes to the stock market, consumers, or in this case, retail investors, stampede for the exits whenever there's a sale. The bigger the sale and the more door crashers, the quicker investors run for their lives as if Godzilla were chasing them down the city streets.

If you're a new investor, you're probably inclined to follow the herd because you're not confident in your own abilities as an investor. With tangible goods, sales cause people to exhibit the FOMO (fear of missing out) mentality, but if it's a sale on stocks, people instead exhibit the fear of losing control.

Warren Buffett and all other great investors relish the opportunity for such stock market sell-offs (or stock sales). These are the folks who end up making a killing at a time when many investors lock in their losses and lose their shirts. As Buffett once said, "Whether we're talking about socks or stocks, I like buying quality merchandise when it's marked down."

Although it goes against human psychology to be a contrarian in the stock market, you can really make a fortune if you think of stocks as pieces of businesses like Buffett does. Although intangible, stocks should be treated as merchandise that should be bought, not sold, during sales. If you can adopt this mindset, you'll be able to scoop up the stocks of wonderful businesses at huge discounts to their intrinsic value.

Consider **Manulife Financial Corp.** (TSX:MFC)(NYSE:MFC), an insurance business with a promising growth outlet in Asia and a long-term catalyst in the form of rising interest rates. The company recently clocked in solid results, yet the stock continues to slide lower. It's now at what I believe is a bargain basement price.

Shares trade at a 9.2 forward P/E, a 1.2 P/B, a 0.8 P/S, and a 2.6 P/CF, all of which are lower than the company's five-year historical average multiples of 15.6, 1.3, 1.1, and 3.3, respectively.

Based on these traditional valuation metrics, the stock's really cheap. And with a 3.7% dividend yield, there's a huge incentive to jump in today to profit off the growth of Asia's middle class.

You're getting promising growth prospects and a growing dividend at a great value.

Stay hungry. Stay Foolish.

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