MERRILL REBRANDS INVESTMENT OFFERINGS

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Merrill Lynch is re-branding its U.S. retail asset-management business – now distributed under the Merrill Lynch Investment Managers (MLIM) and Mercury Advisors monikers – as Princeton Portfolio Research & Management. The new brand, set to debut in May, is meant to unite all of MLIM's U.S. retail products across all distribution channels and vehicles.

"MLIM's ability to produce superior investment products and performance is greatly enhanced by its connection to Merrill Lynch and the global reach, superior resources and marketplace intelligence that come with it," says MLIM's president and CIO Robert Doll. "But the Merrill Lynch name has also inhibited broader acceptance of our retail products by third-party financial advisors, many of whom view Merrill Lynch as a competitor."

In other words, MLIM hopes the re-branding will foster greater uptake of its investment products among non-Merrill financial advisors. A Merrill press release helpfully points out that "95% of the estimated 299,978 registered advisors in the U.S. are non-Merrill Lynch advisors."

"This new brand is the linchpin of our efforts to make our industry-leading products and services available to an even broader range of advisors and investors," says Doll. "It represents an opportunity to focus third-party attention where it should be: on our ability to deliver consistent and strong performance over a long time horizon."

Flopping dog

Dan Seivert, managing principal of 3C Financial Partners, a Los Angeles-based investment bank and consulting firm, agrees that a money manager's performance is what really matters. "What drives acceptance of investment management product is the quality of investment results – alpha generation – and the quality of the people and investment process that drive those results," he says. "If you had these elements and you called [your firm] 'Flopping Dog Research & Management,' you would likely be OK."

And though a name change may "reduce some of the headwinds Merrill faces in selling its products in some channels," Seivert says it's unlikely to convert many of those who shun MLIM products for competitive reasons. "Merrill will still own these entities," he emphasizes.

In any case, adds Seivert, the importance of MLIM's re-branding is slight next to Citigroup's move last year to divorce investment management from distribution altogether, the result of a business-unit swap with Legg Mason.

"Sure, the vertical integration is economically attractive," says Seivert. "But Merrill is left with the burden of proof that it has put in place detailed policies to overcome the inherent conflicts of interest of distributing proprietary products to Merrill's investor customers."

But Merrill doesn't seem to be in a rush to follow Citi's lead. "Asset management is a core part of Merrill Lynch's business and we see it making a greater contribution to the financial performance of the company," Merrill CEO Stan O'Neal says in a press release.

The "Princeton" re-branding will extend to name changes for MLIM funds and other vehicles, new marketing materials, a new web address, and a trade and general-business advertising campaign.

MLIM says its global retail assets under management came to $288 billion at the end of 2005. Its U.S. third-party retail and sub-advisory business assets under management stood at $28 billion, up from around $4 billion at the end of 2002. –FWR

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