

T. Rowe Price and F/m: How Much to Integrate?

Internal ID: S&F-STR-533

Topic: Mergers & Acquisitions, Growth Strategy, Pricing Strategy

Industry: Asset Management & Custody Banks

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision setting and information cutoff: October 2, 2026, 4:00 p.m. ET **Case convention:** This is a classroom decision exercise based on public information. The advisory role below is hypothetical; it does not represent an actual T. Rowe Price assignment or private deliberation.

The decision

T. Rowe Price Group (TROW) has announced an agreement to acquire F/m Investments, a specialist in fixed-income exchange-traded funds (ETFs) and separately managed accounts. The transaction is expected to close in early 2027, subject to customary filings and closing conditions. The price and other financial terms have not been disclosed. TROW says F/m will retain its brand, leadership, investment approach, and day-to-day operating model after closing. Those commitments establish a starting point, but they do not settle how the companies should coordinate product development, distribution, compliance, technology, trading, and operations. [C4]

For this exercise, assume you are advising a hypothetical integration-planning team before closing. Recommend an operating model that preserves F/m as a distinct business, absorbs it into TROW, or integrates selected functions in stages. Explain what should remain separate, what should connect, who should hold decision rights, and what evidence would prompt a change in course. The acquisition has not closed as of the case cutoff; no integration results are available.

Two businesses with different strengths

F/m reported approximately \$19 billion in assets under management (AUM) as of July 31, 2026, and a suite of 20 ETFs. Its activities also include institutional separate accounts, taxable and municipal SMAs, and liquidity strategies. AUM is a measure of client assets managed, not revenue, profit, or cash available to the acquirer. TROW expects the transaction to increase its fixed-income AUM by nearly 9% and more than double its fixed-income ETF AUM. These are management forecasts, not realized effects; F/m-specific revenue, margins, flows, and integration costs are not public. [C4]

TROW is a much larger asset manager with established intermediary, institutional, and retirement channels. At June 30, 2026, it reported \$1,893.4 billion of total AUM, including \$222.3 billion in fixed income and money market assets. The simple comparison of F/m's July AUM with TROW's June fixed-income figure is about 8.5%, but the dates and definitions may differ. It is only a scale cross-check, not a matched-period forecast. [C2] [C3] [C4]

The acquisition also arrives as TROW expands its own active ETF range. The company announced a lineup of 39 active ETFs on October 1, after adding products during the preceding

month. Product count says little by itself about assets, client demand, or economics, but it suggests that TROW is building capabilities and product breadth as F/m joins its plans. [C5] [C6] [C7]

Growth opportunity and operating pressure

In announcing the transaction, TROW described F/m as a way to broaden fixed-income ETF and SMA capabilities, add liquidity and cash-management offerings, and extend customized fixed-income products. It expects the acquisition to complement its existing distribution reach. TROW has also pursued a separate strategic collaboration with Goldman Sachs on retirement and wealth offerings; that partnership shows one way it works across firm boundaries, but it is not evidence of a prior TROW-F/m partnership. [C4] [C8]

The broader business presents a mixed backdrop. During the second quarter of 2026, TROW's AUM increased by \$183.7 billion, while net flows were negative \$6.5 billion. Market appreciation, depreciation, and income contributed positive \$190.2 billion. Equity net flows were negative \$13.5 billion; fixed-income net flows were positive \$4.6 billion. The \$6.5 billion outflow includes \$0.5 billion of manager-driven alternative-product distributions, not ordinary client redemptions. Thus, a rising AUM total did not mean that organic flows were positive. [C2] [C3]

TROW reported that retirement assets represented 65% of its AUM. ETF tax treatment may matter to taxable investors, but the benefit cannot be assumed for every customer or channel, especially tax-deferred retirement accounts. A study of U.S. mutual funds and advisers finds tax-related differences associated with ETF structure and investor flows, while cautioning that adviser-level data do not identify the same clients moving from one vehicle to another. It does not estimate demand for F/m or TROW. [C3] [A3]

What should be coordinated?

“Keep the brand and operating model” leaves important choices open. The firms may need shared controls and reliable data while protecting F/m's product decisions and specialist expertise. TROW's platform could extend F/m products to additional clients, but deeper coordination may increase handoffs, slow product decisions, or affect key-person retention. Autonomy could protect established routines, yet weak interfaces may limit distribution and create duplicated work.

Research on acquisitions of small high-tech companies offers a way to frame the trade-off, not a forecast for this deal. In one study, the degree of interdependence between an acquired technology and the buyer's products is associated with different integration choices; common technological ground and prior alliances also matter. Its sample covers smaller high-tech targets and measures organizational choices, not value created. A separate paper's published abstract reports that structural integration can be associated with slower product introduction for some acquired firms early in their innovation trajectories. The paper is available here only at abstract level, so it cannot support a detailed or quantitative prediction. [A1] [A2]

The evidence points to questions rather than a formula. Where do F/m and TROW depend on each other's capabilities? Where is coordination essential for client service, regulatory control, or distribution? Which product and investment routines are difficult to replace? What can be learned before making integration hard to reverse?

Decision assignment

Develop a post-close operating model for the first 12 months and a review plan for the following two years. Choose among:

1. **Preserve:** Keep F/m largely autonomous and coordinate through defined interfaces, joint planning, and agreed control standards.
2. **Absorb:** Move F/m products and functions rapidly into TROW's organizational and operating platforms.
3. **Integrate selectively:** Preserve F/m's product and investment routines while connecting chosen distribution, data, compliance, and operating functions in stages.

These are analytical alternatives, not plans attributed to TROW. You may propose another credible design. Identify the strongest argument against your recommendation. Specify leading indicators and a decision rule for accelerating, pausing, or reversing integration. Because the deal price, target economics, client overlap, and integration costs are undisclosed, state what information you would request before setting numerical targets. Do not treat forecasts as results or infer that the acquisition has created value.

Sources and conventions

The case uses public information available by October 2, 2026, 4:00 p.m. ET. Management statements and forecasts are attributed. No later transaction outcome, private discussion, purchase price, target profitability, or quantified synergy is assumed.

- **C2-C4:** T. Rowe Price Q2 2026 earnings release and supplement, and August 20, 2026 F/m acquisition announcement; see source register for exact tables and announcement locators.
- **C5-C7:** T. Rowe Price active ETF announcements, September 3 and 17 and October 1, 2026.
- **C8:** T. Rowe Price and Goldman Sachs strategic collaboration announcement, September 4, 2025.
- **A1:** Aghasi, Colombo, and Rossi-Lamastra (2017), "Acquisitions of small high-tech firms as a mechanism for external knowledge sourcing," *Technological Forecasting and Social Change*, 120, 334-346; selectively read accepted manuscript, including theory, methods, results, and limitations.
- **A2:** Puranam, Singh, and Zollo (2006), "Organizing for Innovation," *Academy of Management Journal*, 49(2), 263-280; publisher abstract only, not full text.
- **A3:** Moussawi, Shen, and Velthuis (2025), "The Role of Taxes in the Rise of ETFs," *Review of Financial Studies*, 38(10), 2988-3039; selectively reviewed full text and caveats.