Royalty Pharma plc

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Chris Schott: Good morning, everybody. I'm Chris Schott at J.P. Morgan, and it's my pleasure to be introducing Royalty Pharma at the 40th Annual J.P. Morgan Conference this morning. We think Royalty Pharma's a unique business that's helping to finance a lot of the innovation we're seeing occurring across the biopharma space.

From the company, we have Pablo Legorreta, the company's founder and CEO, and we have a broader set of the management team come on for the Q&A. Pablo, Happy New Year, and I look forward to the presentation and the Q&A. Over to you.

Pablo Legorreta: Thanks, Chris. I wish you and everyone also a great 2022. Good morning, everyone. We're delighted to present at the J.P. Morgan Healthcare Conference again. Royalty Pharma is a unique business which plays a central role in the funding of biopharma innovation.

Although we're only in our second year as a public company, we made exceptional progress against our goals in 2021, and I'm very excited about our future prospects.

As usual, on slide three, I refer you to our disclaimer regarding forward-looking statements. On slide four, I would like to begin by summarizing our accomplishments in 2021, which underscored the strong momentum in our business.

First, looking at our financials, we now expect adjusted cash receipts, our top line for 2021, to be at the high end of our guidance range of 2.11 to 2.13 billion, representing 18 percent year-over-year growth.

In addition, we strengthened our balance sheet through an innovative debt financing. This brought 1.3 billion in net proceeds and included a social bond, which reflects our commitment to ESG and corporate responsibility.

When we look at our portfolio, we also saw tremendous progress. We more than doubled the number of development-stage therapies in a single year, an aspect of our business model which is truly unique in biopharma.

We also have a particularly long, strong track record in picking winners, especially compared with industry benchmarks, which is highlighted by positive readouts for AstraZeneca's PT027 for asthma, and Biohaven's zavegepant for migraine. We're optimistic that many of the positive clinical updates across our portfolio will ultimately lead to approvals and drive patient benefit.

Lastly, we were highly active in deploying capital with three billion in announced transactions across five deals, which is well above the runway we signaled at the time of our IPO. The competitive modes in our business remain as strong as ever as evidenced by our leading share of the royalty funding market in 2021 at nearly 60 percent.

Importantly, we expect deals completed over 2020 and 2021 to drive more than 750 million in topline in 2025 with potential for upside from development-stage therapies. We think this is an impressive number and highlights our unique ability to compound growth as we layer on additional royalties through value-enhancing acquisitions.

If we take a look at our portfolio today, on slide five, we own many of the premier royalties across the industry spanning around 50 approved and development-stage products, of which 16 are blockbusters.

On the right-hand side, you can see the main brands underlying our royalties, many of which are backed by world-class marketers and are some of the most transformative medicines in the industry today, delivering tremendous patient benefit. Additionally, the average duration of our portfolio is an attractive 13 years.

Turning to the financials, in the 12 months ending September 2021, the adjusted cash receipts from these royalty streams, which is our topline, was 2.1 billion. As I just mentioned, we are now expecting our adjusted cash receipts for 2021 to be at the high end of our guidance range of 2.11 to 2.13 billion.

Our adjusted cash flow, which we consider our bottom line, was 1.7 billion for the 12 months ending September 2021, illustrating the efficiency of our business model. Since 2012, we have deployed an average of 1.8 billion in capital per year.

Slide six sets out our track record of impressive growth since our IPO in June 2020. I'm proud of this slide as it underscores the power of our business model. As you can see in the graphic, we have reported six consecutive quarters of double-digit bottom-line growth and very strong topline growth as well.

Importantly, in 2021, we digested the loss of our HIV royalties, which were our fourth-largest source of royalties in 2020 accounting for 13 percent of total royalty receipts. This speaks to the strength and breadth of our portfolio and the momentum from our recent royalty transactions.

It is also a part of what makes Royalty Pharma a unique investment in life sciences, our proven ability to grow through losses of royalties and constantly diversify the portfolio with value-enhancing royalty acquisitions truly sets us apart from the other biopharma companies.

On slide seven, you can see how Royalty Pharma translates strong adjusted cash flow. In the 12 months to September 2021, our operating and professional costs equated to just nine percent of adjusted cash receipts, despite the expansion of our team.

Moving to the right of the graphic, after the net interest and other expenses, which included the expenses associated with our bond offering, our adjusted cash flow margin was 82.2 percent. This clearly illustrates the strong cash generation in our business model which we can reinvest to acquire royalties and return to shareholders.

On this latter point, we announced last week a significant 12 percent increase to our dividend, signaling our continued confidence in our business. On slide eight, we're executing well and in fact tracking ahead of our stated capital deployment objectives.

At the time of our IPO, we indicated that we expected to deploy around seven billion in royalty transactions between 2020 and 2025. In fact, the opportunity set has been so attractive that we have already announced transactions of 5.5 billion in the first two years.

Furthermore, as I will discuss in a minute, the pipeline opportunities for us remain substantial, supported by very positive market fundamentals. This is why I have never been more optimistic about our prospects.

This has the potential to result in compounding growth as we target unlevered internal rates of return for approved therapies in the high single-digit to low double-digit percentage range and for development-stage therapies in the high teens.

By comparison, our investment-grade credit rating gives us a highly competitive, weighted-average cost of debt of 2.24 percent. Our capital structure and ability to use leverage significantly enhances our returns as you can see.

Slide nine illustrates where we're so confident that our capital is being effectively deployed. Over the past 25 years, we have put in place a well-established sourcing, diligence, and evaluation process for transactions that see us execute only on what we believe to be the most promising opportunities.

This has resulted in excellent returns on investment we have generated since our founding. The graphic here shows that in 2021, we reviewed more than 300 potential transactions, resulting in more than 80 confidentiality agreements being signed and ultimately 33 proposals submitted.

Our discipline and highly selective approach resulted in us executing only five transactions across 11 therapies, or just four percent of those we initially reviewed for the total value of 3 billion, including 2.3 billion upfront.

Slide 10 shows the growth in our pipeline and explains where we are running ahead of our seven billion capital deployment target to 2025. Since 2019, the number of initial reviews conducted by our team has increased by around 50 percent. This reflects the increased demand for capital to fund life sciences innovation.

Over that same period, the number of in-depth reviews we have conducted has also increased over 50 percent. Following our diligence process, this has resulted in a greater than one-third increase in the value of transactions executed between 2019 and 2021. As we stand today, our pipeline remains substantial and highly active.

Slide 11 sets out our strategic growth pillars and how we executed against this in 2021. We have a clear plan for growth and development, which is based on pursuing three main business streams. First, we continue to seek to capture a leading share of available royalty acquisitions for approved products. This is our traditional area of expertise.

Through our IPO, we have increased scale and resources to help us with new business opportunities. In 2021, we brought in royalties in Cabometyx, Orladeyo, and Tremfya, all of which we expect to be important contributors to our business going forward.

Second, we target select late-stage development opportunities, both in terms of royalty deals and indirect R&D funding. We remain extremely diligent in assessing such opportunities so that we can continue to deliver strong rates of return.

In 2021, we more than doubled the number of development-stage products in our portfolio, including the notable additions of gantenerumab for Alzheimer's, otilimab for rheumatoid arthritis, and BCX9930 for complement-mediated diseases.

Third, our M&A strategy is multifaceted. We can partner with buyers when non-strategic royalties are disposed of after the close of the deal. We can partner to acquire companies that own significant royalties. We can also help fund the acquisition of companies that have significant royalties and create synthetic royalties in subsequent transactions.

A great example of this third point is the MorphoSys transaction which we announced in June 2021, under which we agreed to provide up to two billion in funding for their acquisition of Constellation. We will also be opportunistic in finding unique opportunities that leverage our intellectual capital to deliver attractive returns to our shareholders.

Slide 12 expands further on the broadening of our portfolio in the past two years. Through the 5.5 billion of capital we deployed in the period, we have brought in a total number of 20 unique therapies, of which 8 were development stage at the time of acquisition and 9 are either currently or projected to be blockbusters.

These new medicines span five therapy areas. Unlike traditional biopharma companies, a strength of our business model is that we're therapeutic category agnostic. We evaluate each opportunity on a case-by-case basis so that we can quickly pivot our focus to areas where breakthrough medical innovations are happening.

Importantly, one key feature which I really want to highlight is that these transactions are expected to add more than 750 million to our topline in 2025 using consensus estimates, with potential upside from the development-stage therapies.

Again, the 5.5 billion invested so far will add more than 750 million to our topline by 2025, which compares with our expected adjusted cash receipts for full-year 2021 of just over 2.1 billion and is about one-third of our current topline.

Slide 13 expands on this theme by setting out the therapy areas and types of royalty deals we

have transacted in the past two years. Around 45 percent of the new therapies we added to our portfolio since the beginning of last year are for rare diseases, with a balance mainly divided between oncology, immunology, and neurology.

All our targeted therapies at areas of high unmet patient need. When we look at our royalty acquisitions by type, roughly two-thirds have been existing royalties and one-third are newly created or synthetic royalties. Through our MorphoSys transaction, a significant portion of each category relates to enabling mid-cap M&A, where we see major opportunities for the future of our business.

If we look at the early performance of our recent transactions on slide 14, the picture is very encouraging. Among the approved therapies in our portfolio, the majority have seen increases to street consensus sales forecasts since we acquired the royalty, with more than half increasing by substantial double-digit percentages.

We believe this reflects our careful scoping of the patient and commercial opportunity during the diligence process. The development-stage therapies in our portfolio have also progressed well and many are coming up to pivotal readouts or regulatory decisions in the near future.

As I mentioned earlier, our success rate here has exceeded industry benchmarks. In fact, we have invested close to eight billion in development-stage therapies since 2012, with a 79 percent approval rate by the number of investments and a 95 percent approval rate by value of our investments. High-profile examples of successful investments in this category include Evrysdi , Imbruvica, Tecfidera, and Trikafta.

Moving to slide 15, our overall market share and royalty-based transactions is around 60 percent in the past decade and nearly 90 percent in deals in the 500 million-plus range.

This reflects our many years of experience in tailoring flexible win-win funding solutions for our partners, our unique focus on biopharma, and our ability to do so at a scale due to our access to capital.

This slide gives two examples of how we have joined a biotech partner in their growth journey, providing capital to launch new medicines and to fund the development of promising innovative candidates.

In the case of Biocryst and Biohaven, their demands were different. But for each, we were able to

provide timely solutions that enabled them to accelerate the process of bringing their innovation to patients. This has been recognized by the financial markets with strong share price performances for these companies since we made our investments and rising consensus forecasts for the rare disease and migraine assets.

Slide 16 illustrates our latest example of tailoring solutions for our partner, in this case, Cytokinetics. Last week, we agreed to expand our long-standing partnership by providing up to 450 million in funding, in part to acquire a royalty on aficamten, a potential agent for hypertrophic cardiomyopathy.

This is a serious cardiac disease that impacts the lives of up to 100,000 people in the US. Our diligence was based on positive phase II data which indicates that aficamten has the potential to deliver significant patient benefit and blockbuster sales in a therapy area that has already seen significant M&A with Bristol's 13 billion acquisition of MyoKardia.

Looking forward, why are we so excited about the future of Royalty Pharma? The potential to partner with biotech companies on their growth journey is expected to be a significant source of new business for us.

Slide 17 shows that since 2016, the number of biotech IPOs has more than tripled. This rate of company formation coupled with significant innovation is fueling the need for capital in the industry.

Our research shows that today's unprofitable biopharma companies are expected to have one trillion in operating expenses over the next decade. Layering in additional company formation will further increase the capital needs. This creates a massive opportunity set for Royalty Pharma.

On slide 18, we show one of the attractive ways we can provide funding for the massive wave of innovation in the coming decade, which is through the creation of synthetic royalties. This flexible non-dilutive approach is still largely untapped and allows the biotech developing the product to obtain program-specific funding in exchange for a royalty on their product.

While equity offerings in partnerships with large biopharma companies have historically been the mainstay of biotech funding, synthetic royalties are getting traction as this approach brings multiple benefits to our partners, and Royalty Pharma has been instrumental in pioneering this innovative category.

Slide 19 highlights the expected clinical and regulatory events for our portfolio. In short, 2022 looks to be a very milestone-rich year with a number of important phase III readouts for our portfolio. More specifically, we anticipate phase III results for Gilead's Trodelvy in third-line HR-positive metastatic breast cancer, results from Cabometyx in combination with IO in renal and lung cancer.

JJ's Tremfya in ulcerative colitis and Crohn's as well as Seltorexant in depression. Roche's gantenerumab in Alzheimer's, Biohaven's oral migraine therapy, zavegepant, and GSK's otilimab in rheumatoid arthritis.

On the regulatory front, we would highlight a filing on PT027 in asthma in the first half in a European regulatory decision on Ridaura, the European name for neurotic ODT in migraine. If positive, many of these milestones could add significantly to our long-term growth outlook.

Slide 20, I will close by highlighting why Royalty Pharma represents such a unique and attractive investment opportunity. As the pioneer in biopharma royalty funding, we have built a unique set of competitive advantages which we believe will allow us to maintain our leadership of a market which is expanding rapidly due to the pace of innovation in life sciences and the accompanying demands for capital.

Our portfolio is well-diversified with a weighted duration of more than a decade. We are deploying capital in new transactions at a faster rate than targeted due to our rapidly expanding opportunity set.

We have an efficient business model that converts more than 80 percent of our topline to cash to be reinvested or returned to shareholders. We have delivered strong financial performance since our IPO and expect to grow our topline at 18 percent in 2021.

Last but not least, due to our unique role at the heart of funding the golden age of life sciences innovation, we believe our prospects have never looked better and that we have the potential to deliver attractive compounding growth over the long term.

On this last point, we would be delighted if you would join us for our inaugural investor day in the spring, and which we have now officially put on the calendar on May 17th.

We plan to include a detailed discussion of the outlook for royalty funding, our updated capital deployment objectives, and long-term growth targets. Of course, you will have plenty of

opportunity to ask questions and interact with management. With that, I would be happy to take your questions.

Chris Schott: Great. Thanks for that presentation, Pablo. I think we're going to have the rest of the management team joining here as well. Just in no particular order, we've got, I'm seeing, Terry Coyne CFO, Chris Hite, Vice Chairman, and Marshall Urist, too. He's the co-head of R&D for Royalty.

One question, I just want to kick off with just on this recent transaction with Cytokinetics. I know you touched on it in the slides but can you elaborate a little bit more on the strategic rationale of the deal announced last week, and maybe specifically how you see aficamten positioned relative to Bristol's mavacamten in the market?

Pablo: Of course, Chris. We're very excited about that transaction, and Marshall can provide some details.

Marshall Urist: Absolutely. Hi, Chris, and Happy New Year to everyone. The first part of the question is on the strategic rationale and we can take that in a couple different ways.

I think it was a creative transaction that offered flexible long-term capital to a company like Cytokinetics, which is in the midst of a transition from being an R&D organization to a commercial organization with a late-stage pipeline in aficamten.

They're looking forward to the approval of omecamtiv later this year for heart failure and then over the next couple of years, aficamten is going to make significant progress as well.

We're excited to add aficamten to our portfolio. Importantly, when you think about what it does, in the immediate term, the deal provides capital for them to continue to push development of aficamten. Then the launch capital that we provided, the $300 million launch capital, is unique in the sense that it's long-term and flexible, which is something you don't see for companies.

Once omecamtiv is approved, that provides capital at Cytokinetics option, and then longer term, once aficamten reads out positively, it makes regulatory progress that provides significant additional capital.

When you think about how we work with companies, I think what happened with Cytokinetics is a great example. From the Royalty Pharma side, we're excited about these products. We've

mentioned before that cardiology is a place that's seen less innovation in the last few years and we were looking forward to new things coming along.

This is two examples of targeted therapies coming to cardiology, which we think is a really interesting trend. The last part of your question was just how aficamten fits into the landscape, given mavacamten. Just a couple of thoughts.

The first one is, you know, this is a pretty big market. I think there's room for multiple products here. Second, we like the fact that Bristol has put a ton of effort, and we'll put a ton of effort into this market. We like all that. We like that whole picture and are excited about working with Cytokinetics and the future of this class.

Chris Schott: Maybe just a follow up on that, I think Bristol has talked about mava as a four-billion billion peak sales product. I know you don't talk about specific internal estimates, but just maybe talk about how to frame how you're thinking about the size of the market opportunity for these assets in general.

Marshall: Like Pablo mentioned in his scripts, we think Bristol has talked about a market of 80,000 to 100,000 patients in each of the US and Europe. We've been able to leverage a lot of the internal resources through strategy and analytics that we've talked about to come up with our own view that supports that potential.

That obstructive HCM market that Bristol will begin with is interesting. Then when you think about that $4 billion number, there's a lot of different directions this could go in terms of non-obstructive.

I think Bristol's talked about heart failure with preserved ejection fraction as a big opportunity out there. We like things that have the potential for label expansion, like Pablo mentioned, and this is actually a good example of that.

Chris Schott: **Great:** Just to be broader, we see a few deals now with this launch capital component to them.

My question is, is this something that you're pushing or providing these deals just given it maybe has a more certain return on it or is this something that you're doing to maybe enable a broader royalty transaction? I'm trying to get a sense of what's driving that component of some of these transactions?

Pablo: Sure, Chris. I'm going to ask Chris to comment on this, but what I would say is it's a good illustration of how we can be very creative to come up with this kind of capital that's very long term which is desperately needed by biotech companies. It comes in two forms. It's development capital and launch capital. It's capital that's prime for 10 years or longer. Chris, go ahead.

Chris Hite: No, I think that's right. What Pablo said, Chris, is every deal's different. Our focus continues to be existing royalties, synthetic royalties, Pablo talked about the massive opportunity that exists there.

In the deal that happens, like Cytokinetics sometimes outside of the royalty conversation, they need additional capital, we're happy to provide our partners with long, flexible capital that, from our perspective, provides attractive returns to our shareholders, but they also like it because of the flexibility that it provides them.

It's not necessarily what drives the deal, but in any sort of deal, conversations come up and they may need additional capital. We're always happy to help our partners, and we think that's attractive returns for us.

Chris Schott: It seems like you're playing a unique role in the market with this because it's...

Pablo: It's more flexible than conventional traditional debt, more long term. For example, in the case of Biohaven, where we already had a royalty in Nurtec and we were super excited about Nurtec, we provided them with additional 400 million that they could actually invest in the marketing.

Really strong launch for Nurtec, which made our royalty more valuable. That achieves two objectives, which is great for us.

Chris Schott: Is it fair to think about maybe seeing this more and more in deal structures going forward? I know it's just going to be unique but...

Pablo: It's not a requirement from our perspective when we're talking to companies, but if they need additional capital, we're very happy to be creative and then see how we can provide that capital to them. So yes, we're excited about it.

Chris Schott: The cystic fibrosis franchise, just pivoting a little bit, I know it's an important asset for the company and I think it became a bit of a controversy as we move through 2021, can you

just remind us a bit about your longer-term view about the opportunity for the asset potential for competition, and just how you think about managing any risk associated with that franchise?

Pablo: Sure. As you might remember, Terry, when he was in the research and investments team, led that deal and he's incredibly knowledgeable about it. Terry, can you provide your own perspective on this?

Terry Coyne: Yes, sure. Chris, hi. We're as optimistic as ever about the long-term potential of Trikafta in CF.

We know that there's been discussions of new products and potential new triple coming from Vertex, potential competition from Abbvie, but we think that Trikafta is a very unique asset, sets a high bar in terms of the safety and efficacy that it's bringing to CF patients, and it's completely transformed the disease.

It also has the long-term body of evidence, which is obviously important as well. Taking a step back, what we've said and we've been clear as it relates to the new Vertex triple, we believe that the deuterated form of Kalydeco is simply Kalydeco, and that it should have the same loyalty as Kalydeco.

To put that into numbers, if that's the case, then our royalty on the new Vertex triple where deuterated Kalydeco and tezacaftor, both royalty-bearing, would be eight percent. That's not all that different than our royalty on Trikafta, which is a little over nine percent.

Hypothetically speaking, if we do not receive a royalty on deuterated Kalydeco and we only receive a royalty on the tezacaftor portion, then our royalty on that new triple would be around four percent. That's the goalposts.

Big picture, as I mentioned, we're excited about these three unique role that Trikafta has played in treatments of CF. At this point, it's unclear to us how important a QD, once a daily version of the triple would be when patients take 30 to 50 pills a day already without some material improvement in efficacy.

We also know that investors want to understand the risk. What we've said is that if only the tezacaftor portion is royalty-bearing on that new Vertex triple and it comes to market, our current estimate is that it would equate to a headwind of around a couple $100 million per year towards the end of this decade.

The context of our business and the huge opportunity that we see in front of us, we think that's very manageable. Pablo just mentioned on the slides in the presentation today, that over the last two years, the products we've added, we've added 20 different therapies, 9 of which are now are expected to become blockbusters.

That these products in 2025 are expected to add over $750 million to our topline with significant upside potential from some of the development-stage products in there.

When you put that in the context of a couple $100 million versus what we've been adding and what that does to the long-term revenue of the business, it's very manageable. It speaks to the unique role and ability of Royalty Pharma to overcome some of the headwinds that any company in this industry faces to deliver long-term compounding growth.

Chris Schott: Maybe on the same topic, in terms of diversification, your overall capital deployment has trended well above some of the ranges you provided at the time of the IPO. What's enabled that level of capital deployment, and is that sustainable going forward, or is this a unique window where you're able to put more capital to work?

Pablo: Chris, you have heard me speak in the past about the massive need of capital that the industry faces. We actually quoted a figure today of the unprofitable biopharma companies requiring about a trillion dollars of capital to fund their R&D, their operations, and we're supplying that.

If you just think of our historical business where we're doing deals, acquiring royalties that exist already from universities, research hospitals, foundations, and biotech companies, that provides a very stable level of activity that should result in couple of billion dollars of deployment per year.

Then if you add to that one-off things like M&A, that should give us a bigger capital deployment. Yes, it is way ahead of what we guided to. We guided to 7 billion over the first five years after we went public, and we're now at 5.5 billion, having deployed 5.5 billion, which is 75-80 percent of what we guided to.

One of the things that we're doing or we did in recent calls is that we look at every billion dollars of capital that we deploy. If we look five years out, how much does that translate into revenue? The figure is about $170 million.

When you look across the last many years, investments we did in 2012, in 2013, you look at them, you analyze them, in average, it's about 170 million of cash five years out.

As Terry pointed, and I did in my call, the investments that we've done since we went public over the last two years have added 750 million of cash in 2025, without including the unapproved investments we have, like gantenerumab and others.

We just thought that maybe those metrics are going to allow investors to understand the incredible financial leverage the model has. A third of the revenue we have today, we have 2.1 million in revenue today, we've added 750.

We're making so many investments per year that coming up with these different metrics that can relate to capital deployed and then how much revenue that produces is going to allow investors to look at how we can compound growth at very attractive rates, continue...We've been doing that for two decades and we don't expect that to change in the future.

Chris Schott: On that metric of that billion of capital becoming 170 million of adjusted royalty receipts five years later, as the mix changes, where you're doing more of these synthetic royalties, etc., is there any reason to think that that five-year-out revenue number trend changed at all or these have similar metric or frameworks to them?

Pablo: A lot of times, people have said, "Oh, it's getting more competitive. Your returns are going to compress," but in reality, what's happened is that the opportunity set has grown so much and there's room for others. Terry, do you want to talk about the metric?

Terry: Yeah. No, I think it's a range, Chris. In every year, if we were more skewed towards development-stage products which have a longer runway and ramp, then it could look a little bit lower. But then there's years where we're more skewed towards commercial.

That's why we looked at it over many years and it does end up in that fairly consistent range, but it depends a little bit on the mix. That's an area, quite frankly, that's harder for us to predict because we're just very opportunistic.

Chris Schott: But in aggregate, there's no major shift there. The question I have is, biotech valuations were obviously under pressure in 2021. I guess for Royalty Pharma, do you see a reset in broader equity market valuations as impacting your business development outlook at all?

Particularly in a case, we saw a more sustained market pullback. Does that make royalty financing more attractive than traditional equity financing at some point?

Pablo: Marshall, can you take that question?

Marshall: Sure. No, it's a good question, Chris. The way we think about it is, the funding of the biotech funding markets have certainly gotten tighter very recently.

If you look, like Pablo talked a lot about, if you look at the longer period of time, even the period since our IPO, that was a very robust funding environment and we've obviously found a lot of really exciting ways to expand our portfolio across therapeutic areas, and development stage, and approved products, and everything else.

The strongest driver of our business is the things that we went through in the prepared remarks, which is, there's a big need for capital in this industry. What we do is a totally different way of approaching that, and there's a lot of demand for that. We think that is the true driver of our business.

Now, if things do tighten or continue to tighten, it certainly doesn't hurt. There's no question about that. We believe that it will help to grow our business further. The important message is we don't believe we need that to sustain the momentum and the larger themes that Pablo talked about for Royalty Pharma.

Pablo: There's always companies that for one reason or another end up maybe being out of favor and they have just very attractive assets. Maybe they had negative results on one trial, but they have a very attractive asset. Even in strong markets, you find those situations. We don't see that as an issue.

Chris Schott: Great. We're just about out of time. Really enjoyed the discussion here. Thanks for joining us today. Best of luck with the rest of 2022.

Pablo: Thank you, Chris. Thank you...

[crosstalk]

Terry: Thanks, Chris.

Chris Hite: Thanks, Chris.

Pablo: investors. Bye.

Terry: Happy New Year.

Chris Hite: Take care.

[music]
