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PRESENTATION

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Good morning. I'm Chris Schott at JPMorgan, and very pleased to be introducing Royalty Pharma today in their first presentation as a public company at the JPMorgan Conference. From the company, we have Pablo Legorreta, the company's founder and CEO. He's going to make some opening remarks about this very unique business, and we'll bring a broader swath of the management team on board for the Q&A.

Also as a reminder, after the presentation, we will have a Q&A session. Anyone who wants to ask a question, please submit those through the Ask a Question button on the screen, and I'll make sure I integrate those into the questions as we go through.

So with that, let me turn the presentation over to Pablo.

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Thank you, Chris, and good morning, everyone. I have been attending the JPMorgan Healthcare Conference for 24 straight years uninterrupted as an investor from its early days when it was the H&Q Conference. It is a real honor for me to be here at the conference for the first time as a presenting company. Many thanks for the invitation.

As usual, on Slide 3, I refer you to our disclaimer regarding forward-looking statements.

On Slide 4, I would like to begin by highlighting why Royalty Pharma is a unique business which is right at the center of biopharma innovation. Since I founded the business in 1996, we have been a pioneer and clear leader in the biopharma royalty market. And at that time, we have deployed more than $20 billion in over 50 royalty transactions.

So why does Royalty Pharma offer a unique investment proposition? In short, we believe we offer investors the best attributes of biopharma without exposure to common industry challenges. Our business model is very capital efficient, and we benefit from many of the most attractive characteristics of the biopharma industry, like product -- long product life cycles, significant barriers to entry and noncyclical revenues.

At the same time, we have either no or substantially lower exposure to many common industry challenges, like early-stage developed risk, therapeutic area constraints, high research and development costs and high fixed manufacturing and marketing costs.

A really important differentiator of our business is that when we make investments, we're completely agnostic to therapeutic areas, platform technology and treatment modality. This has allowed us to put together a highly diversified portfolio of market-leading therapies like Imbruvica, the cystic fibrosis franchise, Xtandi, Tysabri and many others.

Our exposure is to the direct top line sales of leading products, many of which have achieved blockbuster status. So from a top line revenue perspective, we're no different than any biopharma company. We have strong diversification in our business on the top line, but we also have the same diversification on our bottom line, which is quite unique.

Unlike many biopharmas, no single drug makes up the bulk of our revenues or profits. Our cash receipts, our revenues are directly tied to the products themselves, which are backed by world-class marketers. Duration of patent protection and marketing exclusivity is a critical component. Not only do we have a portfolio that is longer in duration than most large-cap biopharmas, but we also are uniquely positioned to make value-enhancing investments to overcome patent cliffs when they arise.

I always tell the team that we have to approach every opportunity with a blank sheet of paper. This agile and flexible approach to deal structuring and our excellent track record has allowed us to be the partner of choice in funding the golden age of life sciences innovation.

Now on Slide 5, I'd like to add a few more numbers to illustrate some of these points. If we take a look at our portfolio today, we own royalties on over 45 approved and development-stage products, of which around half are blockbusters. And the weighted average duration of those royalty streams is around 15 years. On the right-hand side, you can see the main brands underlying our royalties, which are some of the most transformative medicines in the industry.

Turning to the financials. In 2019, the Adjusted Cash Receipts from those royalty streams, our top line was $1.8 billion. Our Adjusted Cash Flow, what we consider to be our bottom line, was $1.3 billion, illustrating the efficiency of our business model. Since 2012, we have deployed an average of $1.7 billion in capital per year.

Now let's take a deeper dive on our financials. On Slide 6, you can see that we have built a simple and highly efficient business with minimal fixed costs. For example, on a trailing 12-month basis, around 80% of Adjusted Cash Receipts, our revenues fell to the bottom line. Our Operating and professional costs were also only 9% of our top line, resulting in over 90% EBITDA margin. The significant cash flow generated from our portfolio enables us to make new value-enhancing acquisitions and also return capital to shareholders.

Slide 7 highlights another differentiating aspect of our business. We're very well diversified by product, therapeutic areas and marketers. Something that is even more unique about our business is that all of our products have essentially the same profitability, making our bottom line equally as diversified as our top line.

On Slide 8, the chart compares the number of blockbusters, products that sell over 1 billion per year, of a top pharma -- a top 15 pharma company versus the number of blockbusters that we have in our portfolio. What you can see is that we have almost a threefold higher number of blockbusters in our portfolio compared with a typical big pharma. This is important since blockbusters tend to have characteristics that drive our performance. There are typically transformational medicines addressing important patient needs and have the highest level of commitment from their marketers.

Slide 9 illustrates how throughout our 25-year history, we have continually sought to evolve our business model to expand our market leadership. In the first 7 years of our existence, Royalty Pharma's business was much smaller, and we were financed exclusively with equity capital. And over that period, invested only $255 million. Our market share in that -- in the period was just over 25%. In 2004, we created the first debt facility backed by pharmaceutical royalties, and we achieved an investment-grade rating.

In 2007, we issued term loans, which gave us access to a deeper debt market. From 2004 to 2011, with broader access to much cheaper capital, we were able to invest $5.1 billion, backed by $700 million of investment grade debt. Our lower cost of capital and increased scale allowed us to capture a 40% market share in this period. In 2012, we expanded the scope of our business to also invest in development-stage products. And from 2012 to our IPO in June of 2020, we deployed nearly $14 billion in capital. This was funded with only $1.4 billion of equity, $6.5 billion of investment-grade debt and reinvested cash flow. Our market share over the period expanded to over 60%, driven by our scale and our increasingly innovative solutions-based approach to funding the biopharma ecosystem.

Today, we're in the fourth phase of our business model. As a publicly traded company, our IPO in June of 2020, raised $1.9 billion in net proceeds, providing us with deeper access to equity capital and broadening our shareholder base. We followed this up with a $6 billion debt refinancing last

August, which allowed us to lock-in an attractive average coupon of 2.1% fixed interest and extended our weighted average debt maturity to over 12 years. This positions us with the balance sheet and access to capital to further build our business and extend our leadership. Since our IPO in June, we have announced investments totaling $1.9 billion.

Let's turn now to Slide 10 to review the fundamentals of the royalty market. I'll show you some figures shortly. But suffice it to say, the market is growing significantly, and we expect the tailwinds supporting this growth to continue for the foreseeable future. These tailwinds include the fast-growing demand for capital from the biotech industry, the extraordinary pace of innovation taking place across the life sciences ecosystem, the strong secular trends driving increased biopharma market sales, including population growth, increased life expectancy and the aging of the population and greater access to health care throughout the world.

Slide 11 highlights how over the long history we have had, we have become the partner of choice for delivering royalty-based funding solutions for the industry. From big pharma companies to biotechs to academic institutions and nonprofit organizations. We continue to come up with innovative solutions for our partners. For example, by funding late-stage clinical studies or contributing to commercial launch, funding and even collaborating in M&A deals.

This flexibility, together with our experience in this space and our unique business model advantages sets us apart and explains why we have been the leader in our growing market and expect to maintain our position for many years to come.

I mentioned earlier the growth in the biopharma royalty market in this slide. Slide 12, demonstrates the strong trends in both the number of transactions and also the aggregate dollar value of royalty transactions. In 2020, based on our market intelligence, we believe there were 23 major royalty transactions with a combined value of $5.4 billion. For perspective, the 2020 transaction count and value figures are more than double the average of the preceding 5 years, and each year represents record highs.

Slide 13 shows an analysis of our market share value since 2012. Our share of royalty transactions has averaged around 60% over the period. And in the larger deals of $500 million or more, we have an even higher market share of 82%. Again, this speaks to our agility and flexibility in structuring more complex deals, the advantage of our size, diversification and cost of capital as well as the significant capital needs across the industry.

Turning to Slide 14. We strongly believe we are in a great position to build on our market leadership position, based on multiple competitive advantages. These advantages include: one, the sheer breadth of our diversified portfolio, which allows us to take risk; two, our highly efficient business structure; three, our low cost of capital; four, our financing capacity in the large deal space; and five, our expertise. We're also unique in our dedicated biopharma focus and long-tenured team and our very strong industry relationships. As a result of our competitive advantages, I'm more optimistic than ever that we will continue to capture a high share of the growing biopharma market.

Let's move now to Slide 15 to review our performance in 2020. During the year, we announced 8 transactions for a total value of $2.4 billion. We have a well-established sourcing, diligence and evaluation process for transactions that sees us execute on what we believe are the most promising opportunities. The graphic here illustrates that we reviewed more than 265 potential transactions in 2020, resulting in 70 confidentiality agreements being signed. And ultimately, 35 proposals submitted. Our disciplined and highly selective approach resulted in us executing only 8 transactions, or just 3% of those we initially reviewed. This really speaks to our rigorous due diligence process.

The next slide, Slide 16, shows a summary of the 8 transactions we executed in 2020. We brought in royalties on a range of transformative medicines across 5 therapeutic areas. Of the 12 products included in these transactions, 9 were on products on the market and 3 were in the development stage. At the same time, these deals were -- at the time the deals were signed. Among the latter, Evrysdi, an exciting new therapy for SMA, was subsequently approved by the FDA and launched, again, underscoring the high level of due diligence we applied.

Looking ahead, the Street expects a number of these assets to become blockbusters in the next several years. And we estimate, based on analyst consensus forecast that these products will add more than $400 million to our revenues or Adjusted Cash Receipts by 2025.

Now on Slide 17. Having described our strong process in 2020, we're also able to execute similarly strong deal flow in 2019. Taken together over the last 2 years, we deployed approximately $4.5 billion in capital across 14 transactions. As a result, we reduced our risk profile. We maintained our weighted average portfolio duration, and we also anticipate generating attractive returns for our shareholders.

Let me turn now to Slide 18 to review our strategy for growth and development. It is based on pursuing three main business streams. First, we will seek to continue to capture a leading share of available royalty acquisitions for approved products. Second, we will target late-stage development opportunities. We will continue to be extremely disciplined in assessing this opportunity, so we can continue to deliver the high rates of success we have previously enjoyed. Third, we will participate in M&A by acquiring nonstrategic royalties to help acquirers fund deals or by partnering with these companies or even in select instances, acquiring companies outright in order to gain new royalties.

Across all three streams, we believe we can pursue large-scale opportunities due to our access to deeper pools of capital and the expanded expertise within our team, which now includes a new strategy and analytics group.

On Slide 16 (sic) [Slide 19], we look at our historical mix of royalty acquisitions. As you can see, it has been fairly evenly split between approved and development stage products. The risk and potential return profile of the two categories are clearly different, which is why we will continue to invest in a mix of approved and development stage products. An important point here, as I highlighted earlier, is that our development-stage assets-- and -- is that our due diligence process has been very successful in picking winners among development-stage products, with more than 90% having gone to receive regulatory approval. I mentioned Evrysdi as an example, but other high-profile examples include Imbruvica, Tecfidera and tezacaftor.

As illustrated on Slide 20, as we look ahead, we will continue to be agnostic in our selection of therapeutic area, drug modality and class. This flexibility has allowed us to own royalties on multiple assets within a therapeutic category and even within the same class. This in turn means we can access the most compelling opportunities across the marketplace without the portfolio constraints that you come on to see in large biopharma companies. We think this is a major advantage of our business model.

As shown on Slide 21, a particularly exciting opportunity is the creation of synthetic royalties on development-stage products. This innovative tailored approach allows the product -- company -- the company developing the product, usually a biotech, to obtain program-specific funding in exchange for a royalty on the approved products or products. This nondilutive approach is gaining a good deal of action as it brings multiple benefits to our partners. It can also include concurrent equity investments in what we describe as hybrid funding.

We have had great success to date with this emerging financing solution. In particular, the $21 billion of -- the $21 billion acquisition of Immunomedics by Gilead, provided a strong validation of our hybrid funding strategy, and I want to expand a little on this on my next slide, Slide 22.

At the start of 2018, we provided $250 million in capital to Immunomedics to fund the development and launch of Trodelvy in metastatic triple-negative breast cancer and other indications. Of the total amount, $175 million was in exchange for royalties and $75 million was in the form of direct equity investment in Immunomedics. In recognition of the compelling clinical data, the FDA approved Trodelvy in April 2020. At the same time, our investment, analyst consensus estimated sales of Trodelvy of $1 billion by 2029.

As the clinical data has read out and analysts recognize the clear benefit of Trodelvy in triple-negative breast cancer, and its potential in other cancer indications, consensus sales forecast by 2029 have now increased to $5 billion.

In September of 2020, Gilead announced the acquisition of Immunomedics. On a purely financial basis, we have already generated a high teens unlevered IRR as a result of the Gilead acquisition. And beyond this, we will continue to receive royalties on Trodelvy on a perpetual basis. Looking at this more broadly, we believe the stronger global marketing capabilities of Gilead and its ability to fund further R&D on the molecule can only enhance Trodelvy's ultimate potential. Our equity proceeds will be recycled to further fund biopharma innovation.

So taken together, we believe this was a win-win deal for multiple stakeholders, including the cancer patients that needed Trodelvy as well as for the company's concerned.

Let me close with Slide 23 by recapping that 2020 was a landmark year for Royalty Pharma, and one that really underscores our confidence in our future growth prospects. We strengthened our capital base and our access to future capital through our successful IPO and bond offerings. We expanded our portfolio with in -- with 8 announced acquisitions totaling $2.4 billion, maintaining our market leadership and enhancing the outlook for strong top-line growth and our Adjusted Cash Receipts.

And we did this while delivering strong double-digit growth on our top and bottom line in the quarters since we went public. We're well positioned to continue our leadership of the growing royalty market and to remain at the heart of funding the golden age of life sciences innovation. We have many exciting years ahead.

With that, I would be happy to take your questions.

QUESTIONS AND ANSWERS

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Great. So I think we're ready to open it up to some questions here. I don't know if I'm seeing everybody on video here. But I don't know, Pablo, if you just wanted to introduce everybody on the Royalty team who's joining the Q&A, that would be helpful. So I want to make sure I'm not missing anybody in the various boxes here.

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Happy to do that. So I am joined by a great management team. Terry Coyne, who is our CFO; Jim Reddoch, Chief Scientific Officer and Co-Head of the Research and Investments Group; Marshall Urist, who co-heads the Research and Investments Group with Jim and Chris Hite, who joined us as Vice Chairman; and also George Grofik, who is Head of Investor Relations. Thank you.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Great. So maybe just to kick off with a couple questions here. I guess the first on the topic of development stage financing and synthetic royalties. And you just highlighted a great example of how this can really work. But how receptive are you finding management teams to consider Royalty Pharma as maybe alternative traditional equity deals?

And I guess when I think about that royalty structure or the synthetic royalty structure, are you often competing with other royalty players on deals like that? Or is this typically a company deciding whether they just want to do another equity capital raise versus bringing Royalty Pharma on as a partner?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

So maybe to just give you a little bit comments on the last piece of your question. A lot of deals we do, many of them are one-on-one discussions with management teams where we've known them, we follow them, we understand their challenges, we understand their needs, and we're having continuous discussions that eventually evolve into a transaction. And what we're really doing is trying to solve their problems. And in many of those cases, they don't go out to others because they have confidence in us achieving a great win-win situation. But maybe Chris, who joined us and ran the Citigroup life Sciences banking team can provide you a very intent perspective because he was working with many management teams, biotechs and big pharma and understands really well the capital needs they have and how we can be very effective working with them.

Christopher Hite - *Royalty Pharma plc - Vice Chairman & Executive VP*

Sure. Thanks, Pablo. So synthetic royalties really has been a relatively recent thing with biotech companies, and it's really now at the Board level. I think Boards are now encouraging their management teams to really look at this as a financing alternative to straight common equity follow-on deals to raise the capital needed. And when you think about it, from a cost of capital and sort of value transfer away, many companies are -- that decide to do equity deals are really doing so when the markets aren't truly valuing or giving full credit for the products that they're developing, the products -might be Phase II or Phase III, whereas we come in and really take a fundamental approach to value.

And I think if you look at Immunomedics or Biohaven and most recently BioCryst, you really see that play out, especially on the Immunomedics transaction, where I think we -- by them doing a deal with us, on a synthetic royalty, it really saves significant value for their shareholders.

And then on the competition front, Pablo is exactly right. I think a lot of this is really relationship driven. We follow these companies for a very long time. Many of the companies we have relationships at the executive level and the Board level, and they trust us and really desire to work.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Great. And can I just ask on deal structure? How do you think about including equity stakes as part of a transaction versus pure royalty deals? Again, kind of the case of Immunomedics, it's obviously some tremendous upside for the company just on the equity component.

So is your preference to include an equity stake with transactions you're pursuing? Or is that less of a relevant factor, I guess, in the -- in how you're approaching a potential partner?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Chris, so what I always tell the team is that we have to approach transactions always with an open mind, and essentially sort of start with a blank piece of paper. Because as you know, in this industry, there's no two things that look alike. Every product is different. The clinical event program is different. The IP is different. The duration of the stream is different. Management teams are different. Companies got different needs.

So we have to come with a very open mind and listen to the company's needs. Now, we're flexible. If the company wants to fund itself only on the base of a royalty rate, that's our business, we like it. But if we can introduce an equity component into these situations, it's very attractive because in many cases, these companies that we're funding have relatively small market caps because they're at an inflection point. And we become so knowledgeable about the product having done great diligence and actually having access to a lot of information that many equity investors don't have because we're under confidentiality. And can look at patient level data, often FDA minutes, FDA interactions. And that's the basis for the investment that we make in the royalty.

But if at the same time, we can maybe structure the deal where it's 1/3 equity, 2/3 royalty to be 25% equity, 75% royalty. It gives us a very intimate play on very significant value creators. If the investment works, the product gets approved. We're going to collect a royalty over 10, 15 years, and we're going to earn a very attractive -- hopefully teens return because if we're unapproved, we're actually targeting mid- to high teens, unlevered returns. The product gets approved, we're earning that mid-teens to high teens unlevered, we add leverage that enhances the returns even further.

But what happens to the equity is that the equity captures that whole value creation much more quickly on an anticipated basis. And what happened with Immunomedics is that the $75 million equity investment we did resulted in $380 million of proceeds when the company was sold. So we ended up getting much more than the original investment back. So our capital plus the profit goes with the equity, meaning that we ended up getting the royalty for free. So it's very attractive.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

And can I talk a little bit about the balance of, I guess, commercial stage deals versus development stage? And it is my thought you've been pretty balanced over time. But as the company becomes larger and conceptually can diversify risk even more, you do get higher returns on the development-stage deals.

So I guess, why not think about pivoting the portfolio more or the capital reallocation more towards development going forward versus, again, this kind of equal balance that you've historically had?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Jim? Do you want to take that question?

Jim Reddoch - *Royalty Pharma plc - Executive VP, Chief Scientific Officer and Co-Head of Research & Investments*

I can start with this question. Chris, so I think balance is a good way to think about it. I mean we really have been fortunate to have been shown and sourced on our own a variety of -- both approved already and pre-approval royalty streams. It's really been sort of a rich group of products that we've been able to find and invest in and build a great portfolio.

And I think if you look at -- since 2012, as Pablo showed, half of the investments that we have made have been approved at that time, and the other half has been not yet approved. And since then, most of the not yet approved in have become approved. So we're a little kind of underweight in terms of pre-approval streams. And then -- but I think the real reason as opposed to sort of becoming less underweight to add to the approval of royalties is that we can really get ahead of the competition by doing that, get higher returns, as you said.

And also just tap into now an incredible universe of what we think are going to be important products and [catch them] at a stage where they've been de-risked somewhat, but we can still build and we can build the conviction on those and add them to our portfolio a little earlier than some other players might be willing to do. So it's a really good way to add some high-quality assets into the portfolio.

And if you look at actually the same slide, you can see that, that's how we got Imbruvica because we were willing to acquire that product when it was doing Phase II testing. We -- and our Tecfidera royalty, and that was still pre-approval. And (inaudible) was an example from the past 12 months that we have been able to acquire before it was approved, now known as Evrysdi.

We view it as a virtual place to find new great products. And especially the ones that we can build good conviction on before our peers out there can do so. It's -- we see us continuing to be balanced. And if you'd actually look at the investments that we've made over the last 2 years, there have been many more that were approved at the time and pre-approval, but that's just the way that the opportunities kind of came during that time. There's some great wins still out there.

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Chris, I'll make this one very top level comment. The reason we're very unique relative to many of the other entities that are now competing with us is the scale. We have a portfolio of approved products that has extraordinary diversification better than many of the big pharmas that produces $2 billion of revenue per year and $1 billion very, very high cash flow of $1.7 billion, $1.6 billion of free cash flow per year.

And the reality is that, that growing revenue stream growing over the next 5, 7 years, 10 years, which is very predictable, allows us to take risk because we can -- for example, we could, over the next 2 years, invest $2 billion, $3 billion in unapproved opportunities. We're going to be very selective, but we could take the unapproved to that level. We were at $3 billion -- over $3 billion of exposure to on unapproved four, five years ago, and a lot of things got approved. But we could take that back up to that level. And we wouldn't feel uncomfortable because the value, the things that are approved is so large that the unapproved would be a small fraction, less than 20% of the approved.

So that is a great advantage. And it's so good now that there's so much capital going back to biotech, IPOs, follow-ons that are funded company, early-stage trials. And now we're going to be their partners to fund the larger, more expensive Phase III, and we can make great investments with very high attractive returns.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Great. And maybe on that topic, I think as part of the IPO, you discussed maybe $7 billion or so of targeted capital deployment within the first five years of going public, implied about $1.5 billion a year. We came in at $2.4 billion for 2020.

I guess in the current environment and all the innovation that you're seeing, is there a potential to see levels of investment in this like $2.5 billion range going forward? Or would you describe 2020 as an unusual year in terms of how much capital you were able to put to work?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Terry, why don't you take that question?

Terrance Coyne - *Royalty Pharma plc - Executive VP & CFO*

Yes. Sure, Chris. So we really look at it over multiyear periods. And so we're still early days into that sort of five-year guidance. 2020 was a great year. 2019 was also a really strong year. I think we feel like there's great potential in the business, and we're really excited about the pipeline but it is uneven. And so there could be years where we invest less than $1 billion. And it has a lot to do with our process and our selectivity and then there's going to be years where it could be well in excess of what we did in 2020. So I think we feel really good about that long-term guidance. But we're optimistic that it could ultimately be better than that.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

And Terry, maybe just a follow-up. Can you just remind us of the capacity you have for deals as we enter 2021 given the IPO proceeds and then the capital you put to work? How much capital does the company available at this point?

Terrance Coyne - *Royalty Pharma plc - Executive VP & CFO*

Yes. So we haven't announced our fourth quarter earnings. So I'll sort of go off of 3Q numbers, but we finished the quarter with $2.1 billion of cash on the balance sheet. We have leverage capacity. And the business generates a lot of cash. We also, in this past quarter, had the proceeds from Immunomedics equity sale to Gilead.

So I think we feel really good. We've never felt in the past like that we're capital constrained. We now have a revolving credit facility that gives us a little bit more financial flexibility as well. And then oftentimes, we're bringing in assets. If it's approved, it's an asset that has an EBITDA contribution, which we can then lever as well. So we feel like we have plenty of dry powder to continue to do deals in 2021 and beyond.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Just a question on therapeutic areas. You've got obviously a very diversified portfolio. But are there any areas that you're seeing as particularly attractive as you look at the innovation cycle that you're seeing or categories you've had traditional success and your model works particularly well in terms of anticipating kind of de-risking and ability to take on an asset, you're comfortable with the profile?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Sure. Marshall, can you take that question, please?

Marshall Urist - *Royalty Pharma plc - Executive VP and Co-Head of Research & Investments*

Yes. Sure, Chris. Thanks for the question. So I think overall, I think, our approach is going to be the same. Like Pablo's slide showed, we invested across a real diversity of therapeutic areas last year. And we'll continue to be opportunistic and just looking for the very best things that we can find most innovative drugs. I think that served us well in terms of building a great portfolio over the years, and we're going to continue to do that.

So there's no one area that we're focused on to answer your question. We are excited about what's going on out there with obviously, traditional drug modalities that then -- cell and gene therapy is an area we've been asked about before somewhere that we're sort of watching and following that, and we'll participate at the right time. So I think we've been really well served by sort of staying agnostic, and the team is really built to do that. And so I think that's what you'll see from us going forward, too.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Great. And maybe the last couple of minutes here. I think you talked about three sources of deals. There's kind of the approved therapies, there's a late-stage development, and there's M&A. Are you seeing more opportunities in one of those verticals than -- around those streams versus the other as we think about '21? Or are you seeing pretty interesting opportunities across all 3 heading into this year?

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Jim, can you answer that question, please?

Jim Reddoch - *Royalty Pharma plc - Executive VP, Chief Scientific Officer and Co-Head of Research & Investments*

I would say 2021 looks kind of like the last couple of years in terms of there being a variety of places where we think great new transactions and great new additions to the portfolio are going to come from. So if we just continue to use the team here, and Chris' network and our networks - just continue to go out there and identify the products that we think are going to be the important products for the next decade or so.

And then we think, secondly, how do we get involved in those products. So sometimes, we have the luxury of there being an existing royalty out of academic institution or nonprofit. Sometimes, we know the management team that has brought that asset to Phase II or Phase III trial, and then we can go to them and say, let's partner up on bringing it up the rest of the way to market. And we'll just take a sliver of passive economics on it. So it's going to be, as in the past, a variety of modalities by which we generate these new opportunities. But I think the bottom line is, it's a rich universe out there and expanding universe.

And also, as Chris said, an increasing number of companies who view royalties as a new vehicle on which to raise some capital in addition to the traditional methods of equity.

Christopher Thomas Schott - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Excellent. We're just about out of time. Very much appreciate the comments from the whole team here, and look forward to continued progress through 2021. Thanks for joining us.

Pablo Legorreta - *Royalty Pharma plc - Founder, Chairman of the Board & CEO*

Chris, thank you very much for the invitation to present at the conference. And thank to everyone for your continued interest in Royalty Pharma. My team and I look forward to sharing our progress with you as we build our unique leadership role in funding the life sciences innovation. Thank you.