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PRESENTATION

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

I would like to introduce our next session from Royalty Pharma. We have an old friend from Citi, my former counterpart, Chris Hite. And I have an old friend from my Morgan Stanley days, Marshall Urist, so Vice Chairman, and separately, Head of R&D. So thank you both. I don't know whether you want to give a few words in terms of update.

I mean, you're busy prosecuting your business, expanding the capital you have, allocating it, the common refrain that we get when we speak to investors. And frankly, it's not as often as it should be because it doesn't get the attention that it warrants, is great company, lousy stock. So anyway, I thought that was an interesting way to start the conversation. So Chris, over to you and just maybe give us an update.

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

Well, thank you for having us, and good to see you. I kind of -- I think I like our stock. We had a very successful Analyst Day in May, where we gave a lot of detail of the company and our progress since our IPO. And I would encourage people to really go and that's available on our website. But I think some of the key things that we communicated that day were our capital deployment ambitions are really sort of $2 billion to $2.5 billion a year.

We gave a lot of historical detail on our IRR that we've been able to generate over a long period of time through our investments. And I think that was really helpful for people to really think about unlevered IRR, inputs and outputs to help them think about our business as a compound growing company, and really, not be so focused on the detail of every single little deal or product that's in our portfolio.

Rather to look at our portfolio as very long-dated, long-duration very diversified, that has been able to really generate attractive returns for our shareholders over a long period of time. And that's really what we, I think, wanted to communicate to people, is we're a compound grower that is in a very large total addressable market.

And we think that really resonated with some folks. So maybe I'll pause there, and I don't know if you want to comment on our stock, but...

QUESTIONS AND ANSWERS

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Yes. That was -- I wouldn't focus too much on that. I think it's just a general frustration that the performance -- the operating performance and the investments you've made to date haven't necessarily always been reflected in the share price. And one thing that's interesting is, obviously, we see the flows coming out and long-standing shareholders of Royalty when it was a non-public company. Maybe you could talk to, do you have any visibility on the cadence of those flows. That would be an interesting subject.

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

Maybe I'll start and then Marshall can chime in. But I think the -- we've been in existence for 25 years. We had a lot of very long-oriented shareholders, universities and family offices, large institutional shareholders for a very long time. And the IPO certainly was a liquidity event and has been a liquidity event for them since the IPO. I mean people sort of to look at the stock and they say, oh, is it's at low 40s. But they forget that we came public at 28. And I think when you think about that in the context of how the market has performed, 28 to the low 40s, I think it's actually a pretty good return over the last couple of years relative to a lot of our peers in health care, and just more broadly, across the stock market.

I think as it relates to the transition as a former banker, and I'm sure you've seen this through your time as well, when companies come public, there is that inevitable period of time where there's a transition in the shareholder base where existing long-dated holders maybe take the opportunity to exit, at least, in part.

And we, I think, have done a great job identifying a new set of long-term holders that I think really have bought into all of those themes I was talking about, which is this diversified play in a very large market opportunity that has generated long dated, very excellent returns over a long period of time. And we're really starting to identify and pick up those shareholders over the last, I'd say, a year or so.

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

Yes. I think what I'd add to, Andrew, what you referenced, too, is as a management team, we're obviously focused on executing and delivering on what we have promised, which is if you think about even just since the IPO two-plus years now, we've announced transactions of almost $8 billion, right? We just announced a large transaction to buy the Trelegy royalty very recently, $1.3 billion upfront, another three of milestones -- another 300 milestones for a very large blockbuster product that can add, I think, at peak, we've talked based on consensus close to $200 million of royalties to the top line, sort of showing how we're continuing to refresh and evolve the portfolio.

And we've done that multiple times now even as a public company. So I think establishing that track record, showing there's lots of opportunity for us to continue to grow the portfolio in a high-quality way is the other I think super important part of what we've spent our time on since we've been public.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And maybe thinking about the environment. Obviously, the capital markets being closed is not good news for most biopharmaceutical businesses, but it's good news for you, right? Because obviously, you provide a source of capital that doesn't require stock issuance. So I'm assuming that the wealth of opportunities and potential deals that are on the table now are broader than they've been previously.

There are a number of companies where the buffer is beginning to be depleted and, therefore, you would imagine they'd be more willing to engage. So, you're nodding, so I assume that's right. I'd be surprised if it wasn't the case. But if you want to comment, that would be interesting.

And then secondly, the idea of synthetic royalties for large pharma as a way of managing their risk, and others see the anchor deal you did to demonstrate it with PALLAS which turned out, in this particular case not so good for you, but good for Pfizer. To what extent has there been further traction among the majors which is a way of expanding their bandwidth or managing risk? Or is it something where they're just unwilling to go there and it's some -- an idea that needs to be sold and there's some way to go yet?

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

Yes. I can start on the first part of your question. Yes, I think the environment -- the way that we think about it is the larger trend even before this kind of capital markets closed down or got more difficult, whatever you want to call it, has been -- and Chris can speak to this, too, that considering royalties as -- or alternative ways of funding drug development of things other than equity has something that was evolving and gaining a lot of momentum, I think even before this happened, right? And so I think that's probably the strongest trend driving our business.

I mean you think about -- mentioning those capital deployment numbers, right, most of that was in a very robust, right, biopharma capital environment sort of showing that we don't sort of see the opportunity as sort of countercyclical in that sense. Regardless, we think this is a big opportunity.

And you're right that the buffer is being depleted for companies so we are spending more and more time on -- with the sort of SMID-cap universe. We're going to continue to be very selective in the way we build there and the products we want to get involved with. That's sort of been our kind of core strategy from go, is focus on quality, focus on the product, and we're going to continue to do that.

The other leading indicator we're excited about, too, that's related to what you mentioned, Andrew, is that the amount of company formation that's happened over the last few years has been massive, but it's very -- a lot of it's early-stage companies, right, which we see as sort of a leading indicator for us.

They're probably not today, although they may have capital needs, they are probably not today in our zone necessarily of where we typically work with companies. But certainly, I think you think about that as another sort of potential growth driver in the future. I don't know, Chris, you want to add to that or talk to pharma.

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

Yes. I mean on the -- I think Marshall said that well on the first part, the funnel, I think we did a good job in the Analyst Day, rendered opportunities last year, Marshall, went into great detail on these slides, I thought it was really interesting detail on outbound versus inbound and how much work we actually do. And it's more tilted towards our outbound as opposed to our inbounds. Our inbounds are up this year, for sure. And -- but we're going to be continually very diligent and very focused on high quality.

A lot of those inbounds are maybe from earlier stage companies that we're not ready to invest in right now. That doesn't mean that they don't come back around in a year or two, really understanding how we work with them.

And as the data matures and we get more information, they can be potential partners down the road. I think the great thing is, and Marshall touched upon this, is we have been able to deploy a lot of capital when the markets were booming and capital was everywhere. And -- but the key for us is really remaining disciplined, investing in really great products with great partners.

On the pharma question, absolutely, we continue to talk to pharma and we continue to look to invest with pharma really as a risk-sharing way for them. A lot of the pharma doesn't necessarily want to take on a co-marketing partner. And if they can find a way to share the burden of a large clinical trial without necessarily having a JDC partner and a JSE partner and 50% down the middle in the U.S. or something, we're absolutely having those conversations. Every deal is -- the key for us is making sure that we're getting their best assets. We want to invest in with alongside them on things that are really important to them. So that's a key focus for us as well, and hopefully, we can do deals like that in the future as well.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And I haven't run a screen on the domicile location of the companies that you have entered licensing deal, but I suspect there's heavy, heavy donuts on the U.S. The reason I ask is the cultural issues and the extent to which that's a barrier in trying to address particularly the European companies. Is there any -- does that resonate at all? Or frankly, it's agnostic and it's just more about embracing alternate sources of capital and risk sharing?

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

I mean...

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

For example, I mean they have a buyer as a company that brings to mind, right, which they don't want to partner. They have a very, very expensive program. Because of the Inflation Reduction Act, timers of the essence in running trials in parallel rather than sequential. You would seem to be, if you were interested and willing, a highly attractive partner for a company of that type.

My sense is that they weren't prepared to dance. And I wondered whether how much of this is because you're seen as a U.S. entity rather than -- or whether it's just beyond that, and it's just a much broader issue of we're not willing to engage in financing, and we think that we better invest all our capital ourselves.

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

I mean Chris, probably has -- I'm sure he has good thoughts here. Not commenting on any specific program. I think most of it -- there are cultural issues at play, there's no question. But I don't think it's geographic so much as it is company by company, right? And that's true in the U.S., too, right?

We did an R&D funding deal with Sanofi. They've been active on that front, right? So it's really kind of -- it's really about the company, I think, more than geography. Although -- and it's one of the things Chris and I spend a lot of time on, is telling the story, getting big companies comfortable with working with us, et cetera, is something that we spend time on. But I don't know, Chris, do you want to...

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

I think that's exactly right. I mean we've done now a deal with GSK, where they were the counterparty on selling us the cabo royalty. We've worked with Sanofi. We've worked with AZ.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And these are non-synthetic royalty....

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

Correct. Yes. Well, the Sanofi one -- well, I mean, look, I think the bottom line is it's really important for us to continue to tell our message. And you should assume that we're talking to every-- people globally. And these deals, sometimes they don't happen in the year you want them to, but I think it's -- they have a way of recycling and coming back around.

And that's our hope, and I think just continue to get our message out there, making sure they understand the way that we work with them. And for most of them, by the way, our weighted average cost of capital is on par or even lower than theirs. And so then, it's an education process for sure, and we're in the process of doing that.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And then in terms of the competitive environment, because I think you have about 60% plus market share, if I remember from the IPO. Blackstone has been upping its investments, most recently with (inaudible), and I think it is another one as well. But otherwise, not so much has changed in terms of others. So I'm interested in whether you're seeing any intensified competition or whether you think potentially there's going to be any further consolidation in the segment where you have some smaller royalty players with the portfolios, is there any potential for acquiring those assets? Or you don't need to? You prefer to allocate your capital for things that you choose.

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

We like this question. We get this a lot. I think the competition is really not anything we ever are worried about. We actually -- the market, there was a slide we had that the total addressable market is so large. And we put a slide up that I think over the last five years, there's around $260 billion of capital raised through the capital markets, IPOs, common offerings, convertible bond offerings and pharma partnerships. And that's a big number. And the synthetic royalty segment of that was only 2% of that $260 billion. And so having others out there talking about alternative ways to partner and fund R&D, fund commercial launches, we welcome.

I think as it relates to specific partners, companies themselves that could be talking about that, they're a bit differently structured. We're a publicly traded company. We want to invest for the long haul, whether that's 15 years or the entire life of the product. A lot of those folks that you mentioned, they may have -- they're a fund, so they think about returns and time frames differently than we do. So -- but we welcome more voice out there talking to pharma and biotech about you don't need to just go do a 10% dilutive common offering or you don't need to go partner your drug with pharma, you could think about alternative ways to help fund the program.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

So have a segueing to some of the larger assets within your portfolio, and you've answered some of these questions previously historically on calls, but it's-- they're important, I'm going to re-ask them. So starting with cystic fibrosis and the question about novel triple and what that means to the royalties that you have on the existing assets.

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

Yes. So I can start there. We've been -- I think, Andrew, to your point, pretty clear about this, but always bears repeating. I think first of all, our view is that, with respect to the novel triple ad base, is that the deuterated Kalydeco portion of that is just Kalydeco and is Royalty bearing. Thinking bigger picture about it, though, it's a -- there's lots of layers to think this through, right, in terms of how this might play out. And I think let's see what the data show next year. Let's see what the ultimate profile is. This is -- these patients, in terms of Trikafta, have had an incredible medicine, right, I mean that has absolutely transformed the disease. And so is what in the profile is ultimately attractive, how much switching does happen depending on that profile, these are patients who take a lot of pills every day anyway, so is once a day versus twice a day really that clinically meaningful.

So how we've quantified it and said -- we've said that later in the decade, even in the downside scenario, we're talking about a couple of hundred million dollar impact, something like that. But what we want to focus people on those going back to the bigger picture story here and how talking about deploying $2 billion to $2.5 billion a year. We are continuing to grow and diversify the business and refresh the portfolio. So if you think about it in the context of you think about it in the context of what we've done, Trelegy is a good example this year, right?

One deal we brought in what, like I mentioned, based on consensus is a couple of hundred million dollars a year, right, of royalties in that same kind of time frame. So that's what we're focused on in terms of growing the business. And the other thing is for LOEs and parts of the business, we recently had the HIV portfolio go through an LOE.

That was of $150 million a year of royalties, and we grew the business double digits through that LOE too. So I think we've demonstrated that while we're confident in our position there, I think regardless, this is diversified, resilient business that we're going to continue to grow and to grow over the next over the next 5 to 10 years when -- if this is an issue when that would happen.

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

I hate to go back to our Analyst Day, but there's a great slide in there. Once again, it's all publicly available, but in Terry's section, that talked about that showed sort of our average sort of inflows of cash from a $1 billion investment over time. And it's about $160 million to $180 million after -- five years after the investment.

So if you think we're doing $2 billion to $2.5 billion a year, and you think about that $160 million to $180 million number, five years post that $1 billion, any sort of LOE or the diversification effect of that is pretty dramatic, and we can grow through really any of these LOEs that we've experienced.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

How much do you think about your portfolio in terms of the duration of the period of return? Because obviously, some molecules such as Biohaven, you're going to have many, many years. Whereas the deal that you did with Trelegy, right, when I was going to ask you about when you anticipate the royalties to cease. But I think from our previous conversation, it was the end of the decade, right? So you're going to have like eight years. So it's much more finite. How do you think about managing that within a portfolio structure?

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

The way that we think to it is actually pretty simple, which is there are some things that are too short, right? I'm not going to put a number on it that says it's too short. But really, we've always been driven by wanting to be involved with great products, right, and great franchises. And so that's what we focus on. Now to your point, obviously, longer is always better, right?

And there are certain things where the absolute duration is a really important part of the thesis, but I wouldn't say that's necessarily a driving factor in kind of how we curate the portfolio is to optimize that. I think we're always looking to lengthen the weighted average duration of the portfolio.

And there are certainly things where even if it was great, but it was if it was super, if it was something that was really short, we certainly see those opportunities sometimes, and it just doesn't make sense for the business. It's not a great way to deploy capital given all the other options we have.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And just finishing up on Trelegy. The patent that you have provides royalties until the end of the decade even though the product is unlikely to face a generic because of the novel triple structure for many, many years. I just want to confirm that what you have acquired, your expectations are, they stop in 2030?

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

Yes. So there's a lot of sort of nuance there to your point. But our expectation is that the U.S. portion will end at the end of 2030 in the ex-U.S. portion in like mid-2029.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Got it. Okay. And the nimble footwork, which Pablo referred to, to pull off that deal with three separate parties, do you want to talk a little bit to that to give some insight into the banking to get involved in the structure of some of these transactions?

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

Yes. I mean, the -- I mean, it was complicated because you're dealing with three other parties, right, because it was part of a collaboration agreement. And Theravance and Innoviva clearly sort of split apart, and so they were parties to that agreement with GSK. And it's complicated. The more parties you have at the table, the more complicated it gets. So -- but we are happy to get it.

As Marshall said, we think it's a great franchise. GSK is obviously focused on it, it's important to them. We're happy to have worked with them again. They've been great to work with through this and through cabo, so we're excited to get it finally done.

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

And one of the cool things about it too, Andrew, is that what sort of Chris was talking about what Pablo was referencing is, it's an example of Royalty pharma's positioning, right, and sort of the team and the tenure and the diversification and everything sort of uniquely positions us to do things, right?

This is an example of that. More to the MorphoSys deal was a great example of that, where there's probably not another group out there who could have made something like that happen. And so I think that this is -- Trelegy and that and MorphoSys is a good example of how the unique parts of the business create opportunities.

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

Yes. And I would just add one point to that. Which is we have a lot of advantages in sense of our cost of capital, the way we're structured, taking long-dated views. But I think the other thing that we're quite proud of is all of us have long-dated relationships across the sector and experience working with a lot of these companies in one way or another. And they're quite comfortable with us. And that, I think, really does matter.

It really mattered in that transaction. It's mattered in a lot of other transactions we've done collectively. And it's really something that it's hard to sort of sit here and express. But those deep, long-standing relationships help at the end of the day.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Yes, I'm sure. Perhaps you could talk to your Myers' inhibitor through Cytokinetics, if you can tell us that?

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

Yes, yes.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Okay, so could you talk to how you anticipate that market shaping out? Bristol is obviously doing a lot of leg work for you. Is this a market creation exercise and, therefore, one should be less worried about market share? What are your expectations?

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

Yes. It's a good observation. And you're right, as you might have guessed, that was part of our thesis is that it's actually a nice thing to have Bristol out there doing a lot of the work. And this is a market that needs to be built, right? I think we did a lot of work.

We outlined a bit of the detail at the Analyst Day that it's going to take some time to sort of get -- to drive diagnosis, to get physicians comfortable certainly outside of the big specialty centers right now to get physicians comfortable with the class. And so from our perspective, right, we think there's plenty of opportunity for Afi even though it is a couple of years behind Mava coming to market.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And so when you look at -- you've got 2 to 2.5, I think, was your guidance in terms of capital allocation and you look at therapeutic areas of interest. And obviously, I'm not asking you to tell me which drugs, which companies you're going to do today. But we've identified that too short is not good, right? So when we apply other prisms, therapeutic areas, commercial versus Medicare exposure. How do we -- where should we be more focused on anticipating the deal flow to happen?

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

I can start on that. And it's probably not the most satisfying answer because if you look at what we've done since the IPO, and we quantified some of this earlier this year or walk through just the variety of what we've done, and to be honest, I've even been -- even over the years, kind of impressed and surprised sometimes about the twists and the turns of where -- of the therapeutic areas we end up working in.

And so that's why I think we spent so much time talking about how we've built the team and our platform and the approach to say, look, we can go where the best opportunities lead us, right? And so all of the things you mentioned are important.

Although you hear us same kind of question -- same kind of answer on duration is we don't kind of manage it from a top down that way, right, and sort of say, we want to be here. We want to be there. We kind of let it -- we certainly identify areas that we think are potentially interesting and we have a team that's thinking about that, maybe even for areas or molecules or targets before they're necessarily investable today so that we're sort of -- we're in the right position, kind of the luck favors the prepared mind kind of idea.

But we're going to continue to focus entirely on kind of what are the exciting quality opportunities in front of us. And I think over time, over the two years we've been public over the two-plus decades of Royalty Pharma, it's shown to build an exciting, diversified portfolio.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

And then two questions. One, which is product-centric and the other, which is general, and you can take whichever one first. So the product one was on PT027, which is a low-tech but pragmatic and quite helpful drug for relief of asthma and combining a long-acting agonist and a corticosteroid.

Could you just outline what you believe the period of return is for you for that product, up to what point do you receive royalties? And I think that's a share between you and another royalty provider. So if you could just remind me of the structure of that deal. Because I'm sure Astra, if they haven't filed already, they're going to be filing very shortly for their product. So that's one. And then second, I wanted to talk about the impact of IRA and how that impacts your candidate selection.

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

Sure. So I can start on PT027. So first of all, I appreciate that you identified some of the exciting things. I think you were the...

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

Say low tech.

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

Only person, right? No, no, no. You hit the nail on the head there in terms of what we saw when that was going into Phase III and the opportunity to support that program that it was a very -- if simple, yet very cool and impactful idea. And I think the data lease certainly bear that out, has been filed. The -- there's an ADCOM. I forget the date, it's this fall some time, I think, for that product.

So the deal structure, I will say, yes, there's royalties. There's some milestones. I should probably pause on that one to remember exactly what we have disclosed about the exact structure. We can come back to you on that because...

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Avillion, was that the name of the...

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

Yes. So it's Avillion. -- we were co-investors in that with Blackstone in Avillion, who actually is a great story, an incredible team there, took the product out of AstraZeneca, executed the trial as an aside, executed an asthma trial through COVID, which you might have imagined, was an operational -- it was an operational feat to get that done, but the data was beautiful.

And yes, and now the product is back with AstraZeneca, and they're obviously going to launch and market it.

So on IRA, I can start. Chris, you chime in. I think at this point, we're like a lot of people trying to let the dust settle a little bit and get the lay of the land on thinking through exactly what this will mean. I think the couple of things that we've mentioned before that I think are important to highlight are: number one, we look at the portfolio today.

There's not a ton of Part D exposure in the portfolio today. So I think just as it happened, I don't think we have major concerns there.

And the second thing is it does kind of highlight the strength of the business model, which is we're now in a position to tactically start to think through IRS-based scenarios as relevant, that's already happening with things that are in the funnel right now. But I think it is hard right now to know exactly what it will mean. What does-- do things get tweaked between now and actual implementation, what kind of negotiator does the government end up wanting to be in these negotiations. Could that change from administration to administration, what style of negotiation you take. I mean there's so many scenarios to think through right now that we're working on that. But again, I think, like I said, we're in a good position where we can kind of think through scenarios.

And there may come a day where there's something where we just feel like there's too much concentrated risk in that period. And maybe it's not able -- maybe we can't value it. We'll see where things take us.

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

It really just goes to once again, the strength of the business model. I really believe that. I mean it's -- we can adjust more easily to changes in the environment, whether it's cost of capital new laws, right, in the way we price transactions. And we don't have the massive amount of overhead and commitment to therapeutic areas or whatever that exists at pharma that I think makes it more difficult for them, not impossible but more difficult.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

Could you happen to envisage a secondary market for royalties, i.e., when you look at your portfolio and actually think, look, if there's a buyer out there, as the competition increases, we could trade it?

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

I mean, it happens. Yes.

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

I mean it's -- we've...

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

Not ours.

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

We're very, very seldomly. We've done it a couple of, I think, once or twice extremely specific situations I think that went back to the marketer actually not another company. A lot of times with royalties, if you want to sell it, it's usually because maybe there's something wrong with it. So no one wants to -- maybe it would be sort of painful. But it's possible, but I think the one in seriousness now, I think one thing that's interesting is, we have seen some examples where people created royalties early in development, right, and then held it until a like further risk point and then sold it right on.

I think our Royalty in Emgality was created that way. And so I think getting back to the competition question, too, is, as there's different kind of buyers in the marketplace with different kind of goals and capital return time frames, could there be people who buy it and then sell it on later? Yes, I mean I think it's certainly a possibility.

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

I think that's the best example. The funds, the big publicly traded private equity funds that may have a fund that have to return capital back to the LPs in a certain time frame that participate in royalty -- they need an exit. And if it's attractive and long-dated and all the reasons, we certainly would take a look.

Andrew Simon Baum - *Citigroup Inc., Research Division - Global Head of Healthcare Research and MD*

So on that note, I'm going to give everyone in the room three minutes of their lives back. I'd like to thank Chris. I'd like to thank Marshall. As always, great to see you and look forward to seeing the story as it evolves in the years ahead.

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

Thank you.

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

Thank you. Thanks, Andrew. Thanks, everybody.