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RPRX.OQ - Royalty Pharma PLC at Bank of America Merrill Lynch Global Healthcare Conference

EVENT DATE/TIME: SEPTEMBER 15, 2022 / 2:55PM GMT

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CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS

Geoffrey Christopher Meacham *BofA Securities, Research Division - Research Analyst*

PRESENTATION

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

We have Royalty Pharma with us. And speaking on behalf of Royalty is CFO, Terry Coyne. Coyne, welcome.

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

Hi, Geoff, thanks for having us.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

And so what we're going to do today is Terry is just going to give a quick background for those in the room and on the webcast, and then we'll do some Q&A.

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

Great. Well, first of all, thanks, Geoff, and BoA for having us at this conference. Really enjoying it. So -- Okay, here we go. So this -- here are our forward-looking statements. Royalty Pharma is a fairly new public company. We went public in June of 2020, but we've actually been doing this for a very long time. The company was founded in 1996. We have -- actually, this is a little outdated. We have a little over 70 employees now. We have a portfolio of over 45 approved and development-stage therapies, 13 of those are blockbusters.

In terms of the financials, in 2021, we had Adjusted Cash Receipts, which is what we view as our top line of $2.1 billion. We had Adjusted EBITDA of $1.9 billion, and we had Adjusted Cash Flow, which is our bottom line of $1.6 billion.

If you look across the portfolio, we're very diversified in terms of products, therapeutic areas, marketers, rare diseases makes up around 1/3 of our portfolio, cancer around 1/4, neurology a little less than 20%. So it -- so diversity is a real key aspect of our business model.

The financial model is pretty simple. We collect royalties on market-leading products across the biopharma industry. So royalties represent a percentage of the sales of these important biopharma therapies. That leads to our Adjusted Cash Receipts. So that's our top line. We pay out -- we have -- it's a very efficient business model, so around 9% of our top line goes out to operating professional costs. That leads to Adjusted EBITDA. We pay interest on our investment-grade debt. And then the vast majority of the cash that the business generates gets redeployed into new royalties. So it does create this very nice sort of virtuous cycle of cash compounding and creating sort of long-term value each year by adding these new royalties to the portfolio.

We have a clear strategic plan to drive growth over the long term, and there's sort of five pillars to this. The first is continuing to acquire existing royalties. So these are royalties on market-leading or late-stage development therapies with high commercial potential. We also create royalties. So we call these synthetic royalties. And this has really massively expanded the opportunity for us. We used to be limited to just acquiring royalties that already existed. And it was one of the innovations of the business over the past decade was to actually be able to create new royalties that didn't already exist.

We've also tried to be innovative in terms of the different capital that we can provide in the industry. And we've developed this launch and development capital, which is very long-term focused. And it's been a very attractive tool that we can provide to our partners. And then M&A is another theme that kind of can span all of these. And that's what we saw with the MorphoSys transaction that we announced in 2021, where it included an existing royalty, it included -- we created some royalties and we also provided launch and development capital as well.

And then the last is just adjacencies where we can use the team's capabilities to create value in different areas of the biopharma industry. The opportunity to fund innovation in this industry is pretty significant. It's in the trillions. So if you look at the sort of three areas where we can acquire royalties, so at the top is the academic world, so over the next decade, we expect academics and not-for-profits to spend over $1 trillion. And this is going to create a lot of royalties that we can then acquire later.

Then if you sort of go around the circle here, one point, we expect that unprofitable biotechs will need $1.1 trillion over the next decade. And we can play a really important role in helping them to fund their development by creating synthetic royalties and also through launch and development capital.

And then the last is larger biopharma companies where we can -- where the opportunity -- where they're going to spend $1.6 trillion over the next decade. So it's a big market. In terms of the revenues, we expect that the global pharma market by the end of this decade will reach $2.3 trillion, $1.3 trillion of that has not yet been approved.

Royalty Pharma has a really strong financial track record. Our top line grew from 2012 through 2021 by 2x, and the capital that we deployed between 2012 and 2016, versus 2017 to 2021, so two five-year periods, has increased by over 40%. And we, at our recent Investor Day, we announced that we expect that -- over the next five years, we expect to be able to deploy between $2 billion to $2.5 billion per year with long-term potential to double that number again to $4 billion to $5 billion of capital deployed per year.

The business has a really strong competitive moat. It's sort of multifaceted. So first is the business model. We're the only publicly traded company that invested in royalties. We're focused on very long duration assets. If you compare that to other -- to some of our competitors, they tend to be focused on maybe shorter duration assets where there's much less upside, but also, much less downside. We like to take that very long -- that long view.

We have the lowest cost of capital. We're investment-grade rated. So we have -- our current debt has a weighted average coupon of a little over 2%. In terms of scale, the portfolio is very large with over -- with 45 products. We can do the biggest deals, and I'll get into that in a second, and that's one of the areas where we differentiate ourselves. We have deep access to capital, and we have the ability to lever our entire portfolio, which again sort of drives that lower cost of capital.

And then the last element is just the platform. So we have a great team, long tenured. We have a singular focus on biopharma. We don't invest in other areas. We have great relationships. And this can be a very important competitive differentiator for us. This is a slide that I just touched on just a second ago, but we really differentiate ourselves on the big deals. So our share in the overall market has been around 60% since 2012. But when you look at the biggest deals, so those deals that are over $500 million, we have an 85% share. And that's driven by the scale of the business, the cost of capital and the confidence that the team can -- the conviction that the team can get to make those really large investments.

When we went public, we were asked pretty regularly and even the first couple of years after that, what have your returns been? And we've never really gotten into it, but we actually decided at our inaugural Investor Day this past spring to finally lay out the returns historically. And what you can see is that the returns have been very predictable, averaging in the low teens on an unlevered basis. And then when you actually layer on the leverage, and so historically around 1/3 of our deals have been funded with low-cost debt, it can take those returns from low teens on a blended basis to the high teens or even low 20s. And the great thing is that, that tends to be very predictable as well.

In terms of how we think about new investments, we're targeting for -- we sort of we break it into two categories. So approved products, we're targeting high single digits to low double-digit returns on approved products, and that's on an unlevered basis. And then for development-stage products, we're targeting teens returns.

So just to sort of summarize here, we offer what we think is a very simple investment proposition in a very complex industry. The process of identifying products, of doing all of the different due diligence modules that you need to, to get this right. We think we've really tailored our approach over many years to get very good at this. We have the team that can do it. And we're very confident and very excited about the future potential of the business.

And with that, maybe I can take some questions.

QUESTIONS AND ANSWERS

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. Yes, let's do it. Yes. Terry, let's start off with just sort of the macro backdrop when you think about kind of the environment that we've been in this year, pretty uncertain inflation, rising rates, et cetera. Just help us with how that maybe informs how Royalty Pharma invests. I know since we talked about policy, too, I think since you guys have done your R&D Day, the Inflation Reduction Act has kind of played out. But I want to give a sense -- first, a sense for kind of the macro and how that informs your strategy and maybe the capital that you'll invest.

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

Yes. So I think there's a couple of aspects to touch on. So certainly, the macro environment has created challenges across the biopharma industry and how it has historically funded itself. That's created, I would say, increased incoming calls, certainly. There's a lot of things that were -- a lot of discussions, a lot of companies that are now looking at royalties as a way that they can fund themselves. This is a trend that we felt like has been going on for many years. But if anything, this challenging macro environment, we think is just accelerating that trend.

In terms of how we invest, nothing is changing really. I mean we still have the same process that we've had for a long time. I mean it's been refined over the years. But we're still focused on the highest quality assets, assets that are going to make a difference in patients' lives because we think those are the products that will ultimately perform well commercially. And so the process hasn't really changed, but the team is definitely busier than ever. And I think that, that -- we think that there's a lot of tailwinds to the business.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

And from a pure CFO perspective, you feel pretty confident in your interest rate sort of locking up your cost of debt is what -- unlikely to change in this environment?

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

Yes. So we're fortunate that we refinanced all of our debt, went from floating to fixed and all long-duration investment-grade bonds in the summer of 2020, shortly after our IPO and kind of caught a window with this, a pretty great environment to raise debt.

And so -- and then we raised additional debt in the summer of 2021, and it was also a pretty attractive time to do that. So our weighted average coupon is 2.2%. The great thing is that, for us, is that around 60% of it matures in 2030 and beyond. And so we have very few near-term maturities. I think we would expect that our overall interest cost will tick up over time. But it's pretty marginal. And so we feel very good about our current capital structure.

We have a lot of financial flexibility because the business has cash, generates cash, but also, we have a revolving credit facility that we can use if we need to, and then we have access to the debt markets if we need them.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

And the other macro question before we get into some therapeutic areas and some products, with the shifting policy changes, we just had a pharma person speak on drug pricing, how, if anything, does that inform your assumptions of your existing portfolio? Do you take a more conservative stance just on the back of there being probably more pricing headwinds going forward versus a stable or a tailwind environment?

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

So we feel -- when we look at our current portfolio, we have very minimal exposure to the Inflation Reduction Act. I think that if you look at the products, it's sort of Xtandi, Imbruvica are probably the main ones, maybe Trelegy. And it's -- I think that the exposure is pretty modest, and that's without any potential offset by increased volume. So that's the current portfolio as it stands today. The great thing about the business is we can immediately incorporate this new information into our future investments. And so the reality is it could have an impact on what we pay for assets. But from a sort of return perspective, it's not going to -- we wouldn't expect that it would have much of an impact from a return perspective.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Okay. That's helpful. You mentioned just a few minutes ago, just about the capital constraints for probably, presumably SMID biotechs, right, and more deals coming across your desk and more incoming. Is there a theme in that? In other words, do you see deals that could be more attractive, I'm assuming on larger transactions? Or is it sort of a bit of a plain vanilla kind of inquiry where we're looking for a nondilutive source of capital and a lot of the Phase I, early-stage assets kind of look the same to you guys?

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

It really runs the gamut. So if you looked at 2021, we had 300 initial screens. And we certainly feel like that number is going to grow in 2022. We dug deeper on around 20% of those, and we only actually transacted on five. So there's a lot of -- there's -- the bar is really high. I think, for us, we're certainly focused on being able to invest at scale. So we're going to be -- we're going to spend our time on the later-stage assets, where the dollars are bigger and the opportunity might be a little bit more clear at that point.

But I think that there's a lot of those out there. It's just finding the right investments that fit our profile and creating solutions that work for our partners and work for us. One thing that we highlighted at our Investor Day is that if you look at some of the success stories of the industry over the last couple of years, the Biohavens, the Immunomedics, BioCryst, even Cytokinetics, those companies around 1/4 of the capital that they've raised has been in the form of royalties and partnerships with Royalty Pharma. And we think that, that could be a model that could play out for the industry a lot of this future success stories.

That's what we're hopeful for. We think there's a lot of financial rationale for it, strategic rationale for it, where the cost of doing a royalty deal is lower than the cost of equity. You maintain strategic control. There's a lot of benefits to our partners. And I think that that's -- we're trying to build off of that.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. On the synthetic deals, a couple of questions. One, is bigger always better for you guys? And the second thing is, is there sort of a theme in the synthetics that you see playing out with regard to what's available, like they say, by therapeutic area or company? I'm just trying to get a sense for how large synthetics could be and maybe what the tipping point is.

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

Yes. So it's a really good question. We want to invest at scale, but it's not to say that we won't make an investment if it's a little smaller. I think that the way we typically think about it as we want to at least be around $100 million of investment. But also where, a lot of times, we're just starting the relationship when we make that initial investment. With Biohaven, it was $150 million, and we ultimately invested almost $800 million. So -- and we were there for them in various phases of their sort of growth journey.

And so I think that we can invest at scale, but it doesn't -- that's not an absolute requirement, especially if we see the opportunity to help them along the way. In terms of the opportunity, I highlighted on that slide, but north of $1 trillion. Right now, synthetics, if you look at over the last five years, the industry has raised around $265 billion and synthetics only made up around 2% of that. We know that over the next five years, that number is going to be much larger and could be double that. And if you just think about synthetics as 2% goes to 4% or 8%, it can be very, very significant. And we think that we can play an important -- we can play a leading role in that category.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Well, I know in the case of transactions with larger pharma, big-cap biotech and big pharma, the Ibrance co-investment deal was one. But what's the -- what are maybe some creative ways that you could employ a bigger cap company to do larger-scale deals? I guess, synthetics is probably the most logical way for co-development.

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

Yes. So I think that, that is an opportunity. We have -- there haven't been many transactions in that space recently. But I think we're -- we continue to have conversations there. I think there's a lot of rationale. The accounting needs to -- need to get the accounting right for our partners, where it sort of works as an R&D offset that expands their R&D capabilities. And that's an important element.

But we do think that there is a path forward there. We're hoping that we could do some more deals in the pharma space because the -- obviously, the dollars are very significant there and the ability to sort of to help expand their R&D budgets to share risk and to invest in hopefully some important programs, we think that, that makes a lot of sense. I think it's just a matter of probably getting that first one across the finish line where there could be some others that follow, hopefully.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Right. Right, right. And I wanted to ask you, your slide in the therapeutic areas, I mean, it looks like royalty, a very diversified portfolio, and I think always has been, right, with regard to kind of heme-onc versus inflammation versus rare disease. Do you expect that to change over time as you sort of cumulatively see the impact of deals? In other words, do you go into, say, a diligence with the intent of we need to do a deal in this category because we just did two on another one, right?

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

Never. No, it's not. That's just not. We always sort of start with the data and the asset. And there's also, oftentimes, we find therapeutic areas we like and we'll make multiple investments there. So I mean, going back to the 2000s, it was the TNF space. We did Humira, Remicade and Cimzia. More recently, in the migraine space, Nurtec and Emgality.

So I think that we don't really look at the world in terms of therapeutic areas that we want to be in or don't want to be in. I think we just sort of focus on the opportunity and the data and the impact that it's having to patients and those tend to be -- if we spend our time focused on those things, those tend to be products that will ultimately perform well.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

So in the end, it's about the quality of the product and the risk benefit.

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

Yes. Yes.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Just on the -- we talked a little bit about the Inflation Reduction Act. Is there any sort of fine-tuning of how you look at deals with the small molecules being sort of nine years of exclusivity versus the 12 for biologics? Does that inform any of the calculation? Or is that just sort of when you put a deal together that kind of comes out in the final kind of negotiation?

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

Yes, I mean, that I know is an area of a lot of discussion. For us, it just needs to be factored in, in terms of what we're willing to pay for an investment. I think that that's -- it's something that we're still trying to process a little bit on our side. And there's a lot we just don't know at this point, how they're going to negotiate a lot of the part, the Part D drugs already have pretty significant discounts. And so how will the sort of negotiators approach that. And then as I mentioned, just the sort of offset of potential increase in patient access, which could be important.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

On the CF side of things, I know there's been some investor debate about what could happen to any sort of royalty reset if there's a next-gen product. I want to just ask, is there any update on what's going to happen next with regard to the impact on Royalty Pharma? Maybe just remind some folks kind of a bit of the background.

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

So sort of at a high level, Trikafta -- we're entitled to royalties on the four marketed Vertex products right now, Trikafta being the biggest. And Trikafta is an amazing drug that's really changed the treatment of cystic fibrosis and sets a really high bar. And so we think it's going to be a very important product for Royalty Pharma and for CF patients over the long term.

We know that Vertex is developing another triple combination therapy. So within that, there are actually three components. One of them we know we're entitled to royalties on, and that is tezacaftor. And so if you sort of think about the potential impact on our business, the royalty that we get currently on Trikafta is a little over 9%. The royalty that we get on the new triple just from the tezacaftor component would be 4%. We believe that we're entitled to full royalties on the deuterated ivacaftor component of the new triple. And that would take the royalty to 8%. Our view is that deuterated ivacaftor, deuterated Kalydeco is simply Kalydeco and it should be royalty-bearing.

And so that's sort of the bookends, is the sort of 4% versus 8%. And what we've said is that under downside scenarios, which was reflected in all the sort of guidance that we provided at our Investor Day, under downside scenarios, we see a potential headwind on our top line of a couple of hundred million dollars if that new triple is approved and if only the tezacaftor component is royalty-bearing.

And when you think about that in the context of the growth of the business, the opportunities that we see ahead, we lost north of $150 million of royalties in 2021 from the HIV franchise. We still grew 18%. This year, we added the Trelegy royalty, and we said that, that is going to contribute north of $200 million in 2025 to our top line. We expect that. And so these are sort of the things that any business would need to face. And we think it's totally manageable either way, but we feel very confident in our position.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

So, A, it's likely to be low impact, but B, and more importantly, you still have to get the Phase III data and then you still have to get approval and then you -- there's a legal process.

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

And (inaudible) take share. There's a lot of things that could play out.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Right. Okay. Are there -- we talked about rare disease. Do you guys -- do you look at this from sort of the bottoms up? In other words, is there a process at Royalty that you're looking at, significant unmet needs and then you seek out certain development -- products in development? Or is it sort of let's wait to see what comes across our desk and then we sort of go? I mean, I guess, the question is, has your process kind of evolved over the time, has unmet needs kind of changed?

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

Yes. So that's a really good question. I think at its core, we typically -- since we are investing in a later stage, we need to see -- generally need to see some data. And so that's probably where it's going to start more is we're at -- look -- poring through all the medical literature at all the conferences.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. I can attest to that.

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

Speaking with all these companies and making sure we understand what they have going on, and that's what really drives the process is what is exciting out there. And then figuring out, is this something that's going to really be ultimately important for patients. And then how do we approach it? Does a royalty exist at a university already? Does the company need funding? How can we be their partner. So we try to kind of take a I think a pretty holistic approach to it.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. And there's a lot of really very high-impact technologies, but they're all pretty early, editing, protein degradation, there's a lot of really cool things that have -- now are in the form of many new IPOs, in a lot of cases, broken IPOs. But is there -- maybe do you spend less time on those just waiting for them to have data to mature?

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

Yes. I think we're -- like you said, we're typically a little later stage. So it's going to be after that proof of concept. We haven't made investments in some of that, the more cutting-edge technology yet. It's not to say that we won't. But I think that we're -- we'll be patient and thoughtful about it and make sure that we're making investments at the right time where it's a risk -- level of risk that we're comfortable with, and we have a clear path to sort of it being a commercial product.

I mean, the reality for Royalty Pharma is we don't sell things. So the products not only need to be interesting and exciting, but they ultimately need to be approved and sell. And so that's a little bit of a different approach to of -- we can invest for this Phase II data and then move on. That's not how we think about the world.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Any questions here from the audience? One of the ones, Terry, I wanted to ask you about the sort of the last sleeve on one of your slides that talked about adjacent. You guys have done some creative deals. You mentioned the Biohaven deal. I mean, I think, the deal that brought you some royalty is potentially to gantenerumab is interesting, the MorphoSys deal. Are there any ones that you'd call out that look really -- that have a lot of long-term upside that you think investors are kind of not necessarily modeling?

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

Well, yes, I mean, certainly, you mentioned gantenerumab, that's the Roche Alzheimer's drug.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

And that's not in your guidance whatsoever?

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

Not in our guidance at all. But we haven't -- we'd be entitled to a mid-single-digit royalty on that if it's ultimately approved. And I think everyone understands how big the opportunity is in Alzheimer's. I think there's a lot of reasons to believe that Roche as a marketer with gantenerumab as a subcutaneous product could be differentiated, but we also know it's really high risk. And so that product came into the portfolio as part of the MorphoSys transaction, where we invested up to $2 billion in MorphoSys to help them acquire Constellation.

But that transaction was really underpinned -- was anchored by a royalty, a mid-single-digit royalty in Tremfya, which is obviously, this is a marquee product, marketed by J&J for psoriasis and psoriatic arthritis, and hopefully, for IBD and Crohn's. And I think that underpinned the transaction and really provided us with what we expect to be a pretty attractive base return. But then when you layer in the sort of upside optionality of something like gantenerumab where it has multi-blockbuster potential, it was really attractive. But we'll wait and see later this year, hopefully, we'll see the data, and fingers crossed.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. And from a competitive standpoint, I know there's a number of companies on the smaller scale end of things. But there's also the potential and people throw out Blackstone as a potential competitor. Help us with kind of how Royalty can retain its sort of competitive edge, just given your long track record in the industry. But I think, to me, it seems like there's room for multiple players, I mean, either way.

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

Yes, absolutely. I mean, I think, competition is a good thing. The opportunity is very, very large. And so the more companies that are out there talking about royalties, we think that that's going to drive our business as well. And we think that for all the reasons I laid it out in the slide in terms of our scale, our structure, our cost of capital, the people that we have. We think that we can continue to be the market leader, but there's room for plenty of other players in this space. And I think that we feel very good about our competitive position. And if there's an asset that's attractive, we feel confident that we should be able to win. And I don't think that's -- I don't anticipate that's going to change anytime soon.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. And would you say that the macro uncertainty, maybe even competition as well, do you find the time to close the deal? Is the diligence process sort of lengthening, reflective of the macro environment? Or has it been pretty consistent throughout the pandemic and even today?

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

I mean the diligence process has certainly changed to now, so obviously, a lot of it sounds new. But it's -- no, I wouldn't say that the time has changed. We try to be -- we try not to be the rate limiting step to getting deals done. We want to make sure we can move at the pace that our partner wants to move at. And from a legal perspective, from a full clinical commercial due diligence perspective, and so we found that, that has not stood in the way of getting deals done. But we certainly have more to process now and we have -- we've been growing the team to make sure that we're in a position that we can do that.

We highlighted at our Investor Day, though, that the great thing about our business is it's very scalable, because you don't need that many people internally, we have a lot of external resources that we leverage on every transaction that really allows us to scale and check all of the sort of different due diligence modules that we need to have confidence in before we make an investment.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Of the investments you're making internally and for personnel for key individuals, is there -- is it mostly people for the diligence team? Or is it -- are there other more -- I mean, I just want to get a sense of the nature of kind of the hiring cycle.

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

Yes. So certainly on the research and investment team we've made, we're investing in people and we're going to continue to do that. And it needs to -- we need to be very thoughtful because we want to find people that have the sort of right mindset, that are a good fit and can sort of understand and learn how we approach investing. But across the organization, it's a very legally intensive business because there's a lot of legal, a lot of contracts involved, a lot of IP work that's involved. So we've expanded the legal team.

And then from my perspective, as a CFO, accounting, financial planning and strategy, that's all grown a lot just as a public company. But I think that we've done a good job. We actually just had a retreat the other day, and it was great to just have people in person. And I think people -- it's still a fairly small organization, a little over 70 people, and it's a really great group of high-performing people that have gotten pretty good at this sort of segment of the market over the years.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

And I guess the final comment is that we talked a little bit about this, the sheer number of smaller companies and new technologies and the like. And maybe Royalty isn't investing in those, but it is still important to sort of have a placeholder, like have a relationship placeholder. And then as you mentioned, with Biohaven, you sort of invest sort of minimally and then kind of grow that. Do you expect that to be kind of the model going forward? It's hard to figure out who the winners are going to be like when you're looking at platform technologies in Phase I.

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

Yes. So I think, generally, we're still going to focus later stage. But we certainly have an effort now where we are out making sure that the -- even the earlier-stage companies understand royalties and Royalty Pharma as a potential partner. So that if they get to that stage where they have

advanced to a point where they need real substantial capital, that we can be their partner. And so we want companies to sort of aspire to work with us.

And so that's part of the effort is to make sure that management teams and boards understand why royalties should be such an attractive source of the way that the industry funds itself.

Geoffrey Christopher Meacham - *BofA Securities, Research Division - Research Analyst*

Yes. Okay. We don't have any questions, we'll wrap up. All right, Terry. Thank you very much.

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

Thanks, Geoff. Thanks a lot.