REFINITIV STREETEVENTS

EDITED TRANSCRIPT

RPRX.OQ - Royalty Pharma PLC at Goldman Sachs Healthcare Conference

EVENT DATE/TIME: JUNE 13, 2023 / 9:00PM GMT

OVERVIEW:

None

REFINITIV

CORPORATE PARTICIPANTS

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

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

CONFERENCE CALL PARTICIPANTS

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

PRESENTATION

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Thank you very much for joining us this afternoon. My name is Chris Shibutani, member of the Goldman Sachs research team. We are thrilled to have Royalty Pharma present with us once again. Today, we have Terry Coyne, back for a repeat performance, you were with me last year also, and it looks like you brought a friend this time. So you have Christopher Hite, who is the Vice Chair. And I see -- is Marshall running around or did he hide from me this year?

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

He is hiding.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

He is back at home, doing deals.

QUESTIONS AND ANSWERS

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. Well, that's perfect. So terrific. I think you're probably, to a certain extent, familiar to folks. But I always find that these are discussions at a moment in time between a couple of people. So I'd love to get a snapshot, you and I actually secretly go back like many years, you were at JP Morgan for a while. So reveal the dark history of your professional journey.

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

My personal professional journey?

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Yes. Who are we talking to? Who are you?

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

So yes, so I've been at Royalty Pharma for 13 years now. I've been the CFO for four years, and I worked on the research and investment team alongside Marshall for nine years and worked on a lot of our transactions over that period. So it's been a pretty amazing journey. I've seen the company grow a lot in terms of the amount of capital that we've deployed, in terms of our revenue, in terms of the people. And now we're, obviously, I still kind of consider it a fairly new public company, we've been public for three years. And it's been a lot of fun. And we're continuing to learn every day, and it's always great to be at these conferences and talking with our shareholders.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Yes. I think one of the ingredients is that you wearing the CFO hat actually, were sitting in one of the engine room seats within research when you refer to Marshall there. I think that ability to cross-pollinate and the gathering across your C-suite of people who have multi-task and bring to bear all sorts of vocabulary and experiences is one of the things that makes things very unique and strong, and Pablo when he talks about the team, it's because you're all kind of...

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

Well, at the end of the day, we're all kind of investors and capital allocators and really with a unique culture where I'm not sure how it works at maybe a traditional pharma company. But I don't -- I suspect there's not a lot of companies where the CFO is actually like in the Excel model -- or sorry, the CEO is in the Excel model saying, well, should the share be this, should it be that? And we really have like an amazing debate internally because we've all been doing this for a while, too. So we have a pretty good feel for it over the years.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Exactly. With my team, they all know that actually don't send Chris the real versions, because he's going to throw off something and it's all of a sudden you have these hashtag air bars throughout. So they know how to protect the franchise and the key tools there. Christopher Hite, tell us your journey.

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

Thank you for having us, by the way. I joined Royalty Pharma just over three years ago. Previously to RP, I was at Citigroup. I ran their Global Healthcare Investment Banking team for 12 years. I was the Vice Chairman there and on the Operating Committee of Banking. And prior to Citi, I ran the Global Healthcare Investment banking team at Lehman Brothers.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. And that transition, I'm just kind of curious, you interact with global clients everywhere across many different cuts of health care, and clearly, there was something that was especially tangible for you to sort of delightful to go on and for you to vote with your feet. What was that? And how has that been relative to your expectations?

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

So I had -- I've known Royalty Pharma for a long time. I've worked across the table from them on several transactions, always had great respect for the way that they invested, the team, the camaraderie that I saw. And since joining, it's definitely -- my expectations have been met. I mean it's been a wonderful experience. I've learned a lot. I think Terry is correct in the way he describes investing and capital allocation and a way to generate outsized returns for our shareholders. It's been really a great journey for the last three years. Super excited about it.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And I kind of ask that in part because certainly, over the time that I've been covering you guys, I come across so many investors who are trying to figure out what you guys are? How does it walk like a duck, there's aspects of it that have clear rhymes with large cap pharma. When the IPO came out, there was a lot of -- you were thinking about how the growth structure compares, et cetera, and the attractiveness of being able to be agnostic to having more than one asset if you and Marshall and everybody wanted to really lean in on something, right? And so there was that flexibility as well. But then the absence of a comp, so to speak, makes it so that everybody has a version, they're one of the six or 16 blind men and the elephant, understanding that they're basically engaged with something that's very novel, unique, the leadership is unquestioned. The track record is absolute. But as a result, people are still just trying to a little bit figure out what that is. And so I asked you about that question in particular because you were coming in actually from an advisory role, you would have probably a little bit more intimate insights in there. And so letting you to go in there.

When you meet with investors in these types of forums, is there something that you think that maybe they could just get it? Is there some morsel of uncertainty that is unnecessary? Or is there something that is key to understanding of who Royalty is. George and I talk about this all the time, like, the crux of it's like it's cool to be special, but then people sometimes still struggle.

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

That has certainly been one of the interesting challenges that we've faced as a public stock. We're an N of 1. There is no clear comp. We have similarities to pharma, similarities to other -- there's other royalty companies out there in different sectors. So there's a big education process. And to explain to people why this business is unique, the power of the business model, why it's sustainable, the moat that we've built around the business in terms of our capital structure, our cost of capital, the incredible team that we have. And so I think that has been a really interesting part of the process is that we need to continue to educate investors about the size of the opportunity and our ability to continue to deploy capital at scale and generate very consistent long-term compounding growth, but also making value-enhancing investments, which is sort of core to what we do.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Right, exactly. And I would say that the rubber meets the road in the health care specialist community when you're dealing with something, often with investors who, by the nature of their mandate, may often have shorter-term time horizons. It's like, oh, it's the quarter, we're getting into ASCO, or by year-end, I've got to make my book and make all these decisions and position left, right.

The reality is that we're talking actually investing with a capital "I" and capital allocation and a longer-term arc to the way you guys are thinking about these things, discounting risk and looking at portfolio balance. And so I often tell investors that it's an opportunity to get an insight to really smart cluster of portfolio managers and sort of -- there's an element of an open book or flashes of that. Everyone can't see the funnel per se, and we'll get to that in a little bit. But the kinds of decisions that you're making and the terms make it very attractive. So perhaps people should realize that when they're looking at you that in some respects, there's elements of looking into a mirror because you're doing many other things in parallel.

Now when you talk about being able to allocate capital, the fundamental sort of fields of play are sort of therapeutic innovation and scientific innovation broadly, which is progressing at a quite astounding rate, but also tell me about the realities of the fact that we're talking about getting involved with skin in the game and in essence, helping finance this.

And we're certainly coming through a couple of years long, cold winter-type years for the cool innovation, but perhaps leaner resourced efforts. And I think there was this hypothesis that you guys would be able to almost like really capitalize there, and that's probably overly simplistic. So can we talk about that a little bit, did this long cool winter of the XBI, play to your favor?

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

Certainly, I think -- and Chris can weigh in, but at the top of the funnel, we look -- we've been looking at more stuff than we ever have, as you can imagine, but the bar hasn't changed. And so there's a lot of things for various reasons -- a lot of investments out there for various reasons that we're not going to fund, whether it's early or whether it's undifferentiated. There could be a number of reasons why those opportunities are not attractive to us. And maybe it's not now but later, we would, but now is not the right time.

And so -- I think that overall, we feel like the innovation is there, the goal of royalties as a mechanism that the industry uses to fund itself is growing and more and more established. And so predicting exactly when those things are going to come out at the bottom of the funnel is a little bit more challenging, but that's why we always look at the world in multiyear periods.

And we've sort of been driving this point home since our IPO is that the sort of investing cadence can be uneven. And that's by design because we want to make sure that we maintain that really high bar and where we do decide to pull the trigger and deploy capital, we're confident that, that product is going to ultimately work and be commercially successful. But maybe, Chris wants...

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

Yes. The only thing I would add to that, and we get that question actually a lot, which is do the tough capital markets provide us more at the top of the funnel, and the answer is sure, of course, companies that struggle to raise capital because they're earlier stage and the capital markets are rocky, absolutely will call us, but that's not necessarily our sweet spot, right? We're investing in post proof-of-concept typically or approved drugs. And those companies actually have access to the capital markets. So if you think about just our recent transactions and what I'd like to say is think about existing royalty streams being created every day. The M&A market -- or excuse me, the pharmaceutical market is extraordinarily fragmented around R&D. You have research happening at academia, universities, their out-licensing to pharma biotech, that creates royalty. You have biotech and pharma cross-licensing, that creates a royalty or a profit share interest. And that's been our tried and true marketplace for 25-plus years. It will continue to be -- those entities are spending in the trillions of dollars over the next decade in R&D and they're every day creating partnerships. And that's really a great opportunity for us. In addition to these newer sort of synthetic royalty opportunities that we did with Biohaven, Immunomedics and Cytokinetics, those stories as well.

But I don't -- I think if people -- you asked at the very beginning, is there something people maybe forget or don't focus on, is think about all the R&D invested in the sector by all of these global institutions, and they're every day partnering with themselves. And every time they do that, that creates an opportunity for us. And so if you think of all the Lp(a) investments we did, those were partnership opportunities. Evrysdi, that was PTC to Roche; Cabo, that was Exelixis and GSK, Trelegy, that was Theravance and Innoviva partnering with GSK years and years ago. And that's been our tried and true investments, and we see that as a massive opportunity and one we'll continue to play in.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Has the sort of tone of the conversation of folks on the other side of the table changed at all -- greater receptivity? Just trying to understand how those conversations are going?

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

Yes. I mean that's -- for sure, I gave you my brief professional background as an investment banker for 25 years. You didn't -- when a company had good Phase 2 or Phase 3 data, they went off and they did an equity deal or convertible bond financing and off to the races. And I think those companies now, with the help of us, obviously, marketing what we do, shareholders of us telling companies, hey, you may want to talk to Royalty Pharma about the potential financing and the bankers themselves actually raising us as an alternative form of capital.

The idea of an alternative way to raise money instead of just an equity deal or convertible bond deal, that is absolutely the forefront of companies today. It really wasn't there five years ago. And I think it's a confluence of events that has made that happen. So we see a lot more engagement, receptivity to discussing just not doing a straight equity deal once they have good data or an approval or a launch of a drug.

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

I can tell you when I first started, we were not top of mind for a company that had an exciting product that maybe was post Phase 3 and they're thinking about how they're going to fund the launch or manufacturing build-out or whatever. We were not seeing those opportunities. And now we're seeing a lot of that. And I think it's -- for all those reasons that Chris mentioned, it's really grown a lot. And that's a great thing. I mean, I think we see a future where the best companies, the most successful biotech companies have royalties as a piece of their overall capital structure. And we think that for a lot of reasons, we should be their partner, if they get there.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Some of the most attractive business models, financing models, naturally become a magnet for invitation and naturally investors, everyone is thinking of the Porter's Five Forces and what kind of barriers to entry there are, which is something I think that is very important for you guys to emphasize to a certain extent because some of those barriers to entry are intangible aspects like the intellectual capital of your people, right.

But I think there is this notion that I often hear from investors is like, well, if this is so cool, then why can't this big block of capital also replicate this? And there are certain other, not household names, but within the financial industry, other big houses that also think of just like, well, this would be a cool tile to have within our business and to apply capital in this way and diversify our portfolio. Clearly, it isn't that easy. So what are the factors? And do you have enough Andy Grove in you guys to sort of like always be aware that there's a risk of competition, imitation, et cetera. Talk about that dynamic.

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

So we've been hearing about competition for 20 years. And it's there, but it hasn't changed in any material way.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Why? Because it is not something -- a little counterintuitive if it's -- if there's so much there...

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

So it's a couple of things. It's hard. This business is hard, investing in the pharma. A lot of pharmaceutical investors are out there in this crowd right now, but it's a tough business. And you have to be willing to take risk and that risk appetite doesn't always exist at other places. That's one factor. Another factor is that our portfolio today is irreproducible. There's only one cystic fibrosis royalty. There's only one Xtandi royalty. There's only one Tremfya royalty. So you can't go out there and create the same portfolio that we have today.

So we have this 20-year advantage in terms of scale. And scale allows us to fund the business efficiently with debt and low-cost debt. We're investment-grade rated. And it allows us to make the -- to invest in the biggest assets where others would have a much harder time making a $1 billion, $2 billion, $3 billion investment.

And then it also allows us to take appropriate but -- and manageable risk where we can invest, and with the potential that something doesn't work and we lose our investment, but in the context of our overall portfolio, which has a stable growing cash flow stream that's long duration, we think that makes sense as part of the mix.

So all of those factors make it really, really challenging. We have an amazing team. The team -- we have practically no turnover. It's gotten a lot easier actually to recruit really talented people since we've gone public as our profile has increased. And all of that creates a really strong moat. The reality, though, is it's huge -- it's trillions of dollars of capital needs. So, there's plenty to go around. But for us, if we see an asset that we like, we should be able to win because we do have that lowest cost of capital, and we are able to generate that conviction that I'm not sure others can generate.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

So if we see assets that we like, Marshall kind of identified kind of four themes that underpin your investment sort of thinking and guidelines you talked about taking particular interest, for instance, you talked about sort of under innovated large markets, et cetera. We can sort of just scan through the types of deals that you've been involved with, cardiovascular, in particular, is one of those areas for those of us who have been around, et cetera, and are like we need to give it a lower case "r" renaissance. It's like more things are happening there, right, finally. And then things that are always going to be unmet needs that are just undeniably sizable, like drugs for mood disorders and depression and mental health, et cetera, and just the scope of possibility there with assets. And so I think that's been shaping some of that. But talk to us about some of these investment themes and sort of how locked in these are? Or is this sort of Marshall's -- talking what Marshall wants to do? Or should we think about it thematically, this is where you're at? Because I have corollary questions about some other areas as everyone scampers to obesity and stuff like that.

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

I think those were meant to be illustrative and not the only themes of the types of investments we make just to be clear.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Take down the payers.

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

But no, I mean that's -- it was more of an example of the way we think and the way we approach the world. We're going to continue to invest in oncology just like others. But we wanted to sort of highlight that there are opportunities out there that maybe have been more overlooked in the past five, 10 years, 20 years.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Then as far as thinking about risk profiles, stage of development, commercial versus marching in a little bit earlier where there may be some clinical data cards, maybe scientifically, we've been relatively derisked, but still ultimate factors that will determine competitiveness have yet to be revealed. Talk about the current portfolio and your appetite for taking on more risk going earlier stage versus you're very satisfied with where the balance is now.

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

I mean what we've done historically is about 60% in approved investment dollars and approved assets and about 40% in unapproved. And the vast majority -- overwhelming majority of that 40% has been Phase 3 or under review by the regulatory agencies. So we don't take -- when I say we don't really take pre-proof-of-concept risk or Phase 1 or pre-IND risk, that's, for the most part, very accurate, and we don't see that mix changing. The opportunity set, as I referenced before, if you take a step back and just think about it, there's lots of points along the way to make the investments in existing royalties or creating our own royalty set and we just think the opportunity set is tremendous in that sort of, I would say, derisked from a proof-of-concept perspective onwards, and that's not going to change.

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

I mean every year, it could be uneven. It could be a year where we are a little bit more tilted towards approved commercial products and a year where we're -- we have, for whatever reason, have made more pre-approval investments. Over the last couple of years, it's actually kind of skewed more towards commercial. But it's not really by design. We really take a holistic approach, look at the best assets and the data and the patient need, and that's where we focus our energy.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And then talk about focusing that energy. I do believe that there's a pretty well-outlined, defined process, right, the funnel. Quantify some things in terms of -- and some of this is rate limited by how much talent and brain power you have in-house, which has been growing. But what are the numbers at the top of the funnel look like? And by the time we talk a little bit about the various sort of go/no-go stages, and then what is that yield at the bottom of the funnel where George is putting out a press release?

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

So Chris. I'm trying to get George into the front as much as possible here. So Chris?

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

Yes. We showed the funnel at our Investor Day and that a lot of people talk about the funnel and the opportunity set is quite large. I think last year, what do you say, 350 opportunities in an initial review, sort of. That could be an inbound call, that could be an outbound call and then we sort of dissected the funnel as we went down, did we sign an NDA, did we do in-depth diligence, did we make a proposal, did we execute on the deal?

I think the numbers we had last year was 350 around initial reviews and it culminated in about eight transactions and with maybe 20-something proposals that we submitted. And when you think about it, Marshall had a great slide at the Analyst Day that showed inbound versus outbound and how that sort of resulted in in-depth reviews. We get a lot of inbounds and we make a lot of outbounds. But when you look at the ratio of in-depth reviews of inbound versus outbound, it's skewed very heavily towards an in-depth review is typically associated with an outbound call we make, because we're preselecting before we make that outbound call on something that we want, that looks very interesting that we want to invest in. I think the Lp(a) transactions are an example of that. But the capital market situation being as it is, there's a lot of early-stage companies that are looking for capital and those might be the inbound.

That doesn't mean we won't make an investment in those companies at some point along the way. But for us right now, many of those companies are just too early, and they sort of go to that risk stratification. I was talking about 60-40, even the 40 -- the 40% of investment dollars we make in unapproved assets are much later stage in development. They are proof-of-concept Phase 3 or beyond and that's not going to change.

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

For example, Karuna is a great example, they had positive Phase 3 data. We think that very high probability of regulatory approval. And so that risk is a lot different than a Phase 2 clinical trial.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Right. Now I was going to make sure that we included in our discussion specific deals, but now that you brought this up in particular, Karuna is KarXT...

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

Yes, KarXT...

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

From Karuna, which is part of PureTech, and Daphne and her crew, which is very creative, actually, it was a meeting of like two really innovative kind of creative entities, which was kind of fascinating to me there. It also seems to rhyme with some of the thematic areas that you are invested in from a sort of like CNS, neurologic behavioral disease standpoint. What can you share in terms of the deal? And where do you see additional upside potential, particularly as KarXT could move into other indications? Talk about how you structure that upside opportunity so it is a partnership in essence?

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

Yes. No. I mean we -- well, any deal that we do, we have to come up with a structure that kind of works for us and works for the seller, right? So I think that's a great example of where we made $100 million upfront payment and then it could be hundreds of millions of dollars of milestone payments based on various factors over time that would be great. Our typical philosophy is we're really happy to pay milestones because that means that we're winning, and we also want our -- the seller to win. Otherwise, we would stop -- people would stop selling things to us. It sort of needs -- we want to try to create these win-win situations. So we do see -- we're excited about the schizophrenia market, but we do see potential opportunity beyond that. And I think that we'll wait and see. We hope that we pay some of those milestones out over time. But if we don't, it's still going to be a great investment for us.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. That makes sense. As long as we're talking about certain specific deals, one that's very important to consider in terms of the pros and cons and various considerations, cystic fibrosis. This for a long time has been a very, very relevant aspect as you've grown. Diversification has made the exposure less, but there's actually a dispute that's ongoing in terms of the data that could emerge from the next-generation triplet combination and one that would need to be resolved. Walk us through a little bit in terms of what your point of view is? And any sense of updates there, in particular, for timing, I do find that when I have conversations with investors, that this is one of the clouds in the sky that would be great to sort of like push away a little.

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

Yes. No, that's for sure. So just to be clear, there's no current dispute. But I think that there is a difference of opinion in terms of what we believe is royalty bearing for the next-generation triple combo that Vertex is developing. But at a high level, Trikafta, which is the sort of core to the CF franchise right now, is an amazing product that has totally transformed the treatment of cystic fibrosis. And for us, we think that it will be an important long-term contributor to our business, and we're very confident of that. We've seen the data, the Phase 2 data, just like everyone else, for the next-generation triple. At this point, we didn't see anything to suggest that it was clearly differentiated. And we'll have that -- we'll see, I guess, the Phase 3 data later this year. We believe that from a royalty perspective, we know that tezacaftor, one component of that new triple, is royalty bearing. And that would take our royalty on the new triple to 4%.

We believe that the deuterated Kalydeco portion of that new triple is the same thing as Kalydeco and that it should have the same royalty rate. That is the area where we might not see eye to eye. And so we've tried to also frame the potential impact if we're wrong. And if the new triple is approved and if it takes substantial share and only the tezacaftor portion is royalty bearing, we've said that we see it as a couple of hundred million dollar headwind to our top line towards the end of this decade. And if you sort of put that in the context of our overall business, and the sort of guidance, the outlook that we've given that we expect to grow our top line by 10% or more over this decade, that's going to be a very small sort of overall impact either way.

To put it in another way, from a sort of value perspective on our current portfolio, that downside scenario is $1 or $2 from an NPV perspective. So it's really pretty de minimis, but it has been an area of investor focus and investor debate. But overall, we feel very good about our position, but feel very good about the long-term potential of this business regardless of what happens there. No update on timing. I don't have a -- it's just tough to say right now.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Sure. No, that was a very clear explanation and clarifying and I think very balanced in terms of how to think about the fact set and it's potential implications. And it's just -- I think it's the nature of investors to sort of often just have some element of fear and excuse, et cetera. You did talk about sort of like the 10% growth. So let's talk about some of the capital deployment and allocation guidance that you've given on deals in essence, allocating capital. It's kind of like driving your top-line prospects here.

Year-to-date, I have you accomplishing deals worth $1.6 billion thus far. And since 2022, that comes to $5 billion, you talk about a five-year deployment target, which was announced during the Analyst Meeting of $10 billion to $12 billion. How are you feeling about that guidance and the progress? And there's always an element of lumpiness. So I know that, that tends to be a factor in characterizing it.

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

We feel great about it. Nothing has changed about our outlook and what we've also said is that over the longer term, we see the potential to grow that significantly. We haven't put like a time frame on that because we want to let it happen naturally, but we feel like there is a clear line of sight to that happening.

So I think, overall, we feel really good about the opportunities and the capital deployment opportunities that we're seeing. We'll continue to be patient. We think that's in the best interest of our investors to not deploy capital just for the sake of deploying capital but to make sure we're investing in the right things. And we feel really confident in our ability to do that. I don't know, Chris, if there's anything to add.

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

No. I -- as I said before, the opportunity set is enormous. And the total addressable market once again, I do think investors sometimes lose sight of just how much fragmentation occurs in the pharmaceutical sector around the steps to get a drug approved from academia or NIH to biotech, to pharma, and it's -- there's just so much partnering that occurs and we can absolutely play in that ecosystem in a significant way. And it's just a very large market opportunity.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Thinking about, again, sort of like capital markets, capital allocation priorities, share buyback plans, dividends, put your CFO hat on firmly and just walk me through just a little bit of how you think people should understand some of the recent announcements and the allocations that you have and how you're thinking about applying that.

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

Yes. So we've been pretty clear. Our number one capital allocation priority is buying royalties. And that's not going to change. We see a lot of opportunity to continue to do that. But for a business that generates the cash that our business does, we think that having a-- returning capital to shareholders is also important. And so we've actually -- as a private company, we paid a dividend for 20 years and grew the dividend, and we're on that same trajectory as a public company. So dividend is an important element.

And then more recently, we announced a $1 billion share repurchase authorization as an additional tool to return capital to shareholders. And I think that it's no secret that our -- we believe our equity value has been depressed and we see a lot of value in our stock. And so we think that using that tool is important for shareholders and to create sort of long-term value for them.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And then amongst your shareholder base, I mean -- this is a company that's been around for several decades, Pablo going way back, right? And thinking about the folks who are involved prior to the IPO and then since as a public company, there was some natural history type of evolution transitions in that shareholder base, including some folks who have been there for a length of journey. And I think as a function of the mandates of their portfolio construction made certain decisions. Inevitably, the messaging and the interpretation of such is not even, but perhaps can you talk to that aspect of the evolving shareholder base and then ultimately, maybe make a pitch for who you think is in the sweet spot, the right person to be thinking about being a longer-term patient shareholder, particularly at the, what we consider attractive price as well.

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

Yes. Okay. It's a great question. So we have seen -- we were a private company for a long time, and we had a lot of investors that were there from the very beginning. And we have seen a pretty significant turnover in our shareholder base where it was held by our -- the private investors were high net worth individuals, family offices, endowments and pension funds, and then management.

And so it's not surprising, I guess, that when we went public, especially those endowments and the pension funds, when we were a private company, we fit in an alternative bucket. We go public, we're now a single stock. They generally do not own single stocks. So there's sort of forced selling. And then we've also seen that from the high-net-worth individuals and the family offices. And so that has been a bigger headwind than I think we would have anticipated if you asked us at the IPO, we probably would have said, no, never going to sell. But that's not reality. So it's definitely been a bit of a headwind. We think that 60-plus percent of our shareholder base has turned over. Management and the Board own north of 30%. So there isn't really much left there. But that has definitely been a little bit of a headwind. And then to answer your question in terms of who the right investor is for Royalty Pharma, I think that we should be attractive to a lot of investors. Investors who want sort of access to great portfolio of products that has long duration, diversified and the ability to invest in this sector, which has such tremendous innovation.

Chris highlighted the opportunity. But to do it in a diversified way, we think should be really attractive to people who want to invest in a business that's going to compound over many, many years.

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

You've covered it really well.

Chris Shibutani - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Excellent. So unique, can be beautiful and attractive, especially when it's on sale. Terry, Chris, thank you very much for joining today.

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

Thank you.

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

Thank you.