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RPRX.OQ - Royalty Pharma PLC at Citi BioPharma Conference

EVENT DATE/TIME: SEPTEMBER 06, 2023 / 3:20PM GMT

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PRESENTATION

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

So I think we're ready to start. Delighted to introduce the management from Royalty Pharma. And unusually, I've worked with both at two separate organizations during my career. So starting on the far left was my former counterpart at Citi, Chris Hite, who is now Vice Chairman of Royalty Pharma. And the gentlemen next to him, who I worked with when I was at another house, I won't mention, is Marshall Urist, who is the Head of Research and Investments at Royalty Pharma. So great to have you both here.

To the audience if you have got any questions that you'd like to ask, just raise a hand and if I'm not blinded by the light I will try and take them.

QUESTIONS AND ANSWERS

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

So just maybe to start off, look, the obvious place to start is the share price right? And it is below the IPO, it's obviously, probably about half where it was at its highs. In terms of the evolution of the business, there has been no unexpected surprises. I know that you've had an awful lot of pre-IPO selling, which has acted as a weight on the stock. You'll continue to allocate capital and do reasonable investments. But there's an inherent challenge with the business model in terms of from the public markets because there's never any earnings surprise because it's already preannounced. Pipeline news, there is some, but it's again -- it's somewhat limited dependent on the state of the assets. And there's no backstop to valuation as there is for a biotech company because there's no M&A bid. So the question is, how do you address this? How much do you attribute to the pre-IPO sell down? Where are we? Is it all done? Is this a strong publicly traded company? Is this the right place for it? How should investors think about it? Because, look, I think you're allocating capital, you're doing the right things. We can talk about CF royalties and some of the other things and IRA. We'll talk about all of that. But just a general overview, anything you could lend will be interesting, because there's a disconnect between the operating model and the value you're building and the ability of the market to value it or the bookends that may help inform investors.

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

Well, we knew this was going to come. Your first question -- so we predicted accurately. Then we were debating who is going to take it. I guess I'll start -- we can double team this. First of all, thank you for having us. Good to see you. The share price, I think, -- we went -- our IPO price was $28. Obviously, the stock ran from there and has come back for you around $30. So you're right from the standpoint of a lot of -- and our CEO has talked about this, a lot of our pre-IPO and shareholders were endowments and foundations and universities and things like that, that weren't necessarily able to hold a single stock.

Pablo has talked extensively about that selling. I do think that we agree with you that we have, I think, executed quite well. I think we've deployed a lot of capital. We think the deals are quite attractive from a return perspective and I think it's really just incumbent upon us to make sure people understand what Royalty Pharma is. We're an N of one. We're not really -- there's not a lot of public comps out there for Royalty Pharma.

We -- when you're investing in the deals that we're investing in, some of them are pre-commercial -- some of them are commercial. And our returns are -- one thing we're really proud of is our -- the duration of our royalties is quite long. So we have duration that's in excess of 10 years, it's 12, 13 years across the portfolio. And when you're making long-term investments that have those types of duration with really attractive IRRs, that takes a while to play out. So to your point, maybe a lack of a catalyst where the stock is going to double overnight like a biotech company or whatnot. That's not who we are.

And I think we're doing -- we're out on the road at conferences like this make -- trying to make sure people understand the power of the model, the total addressable market is very, very large. The royalty market is growing quite nicely. We think royalties are now a part of the conversation at really large pharma and biotech companies as a part of the capital structure.

So all the things are pointing in the right direction. We're super excited about the opportunities we're seeing. We're deploying capital at a really strong rate and our returns are attractive. We just need to get out and make sure people understand the story and it may be a story that you have to be patient from the standpoint of the stock is not going to double overnight, but if you believe in the management team and our ability to execute, I think you'll be happy as a shareholder. And I think that's really incumbent on the management team to continue to tell the story. I don't know, Marshall?

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

Yes, I'd maybe add or emphasize a couple of things. I think it is a great question. And I think we're focused on the things that we can control, right? Which is, like Chris said, continuing to execute. And I think we've been very clear about what our goals are, have raised our capital deployment goals, been clear about the type of products that we're after, the type of returns that we're targeting, and I think we've been doing that and will continue to.

And -- but to the point Chris said that there isn't anything really like Royalty Pharma out there. So I think we acknowledge and welcome the market watching us continue to build the portfolio, continue to show the scale of what we can achieve, continue to build the portfolio to give people visibility on long-term growth through multiple -- through multiple cycles of things that like all companies in our industry, right, we will have things that lose patent, and we need to continue to fill the top line and add things to it and show how we're going to do that, and understand there's not a lot of comparables, but incumbent on us to show people that we're going to execute and do it over multiple cycles. And I agree the rest will take care of itself.

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

So I'm asking this question as a devil's advocate, not something that I necessarily believe. One mechanism that you have, if you think your stock is materially undervalued is to significantly upsize your buyback to an ASL, or whatever. Now obviously, it takes away from the central premise of your business and your ability to -- but do you think there's any role for that? You must get that question from frustrated shareholders. And what's your answer?

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

We did announce $1 billion buyback earlier this year. And we have been buying back stock in the marketplace. I think as of the quarter we gave updated numbers on our quarterly call -- look, I think that's part of our capital allocation thought process. We pay a dividend and we're returning capital to shareholders also through the buyback. We think the stock is attractive at these levels, which is why we've been buying it. And we're trying to balance the capital allocation against the investments that we are looking at right now. I mean when we went public -- for folks that don't know the company, we went public in June of 2020 and we set out an investment target of roughly $7 billion over the next five years from 2020 forward of capital deployment and new investments.

We announced transactions since going public of over $10 billion and in less than three years, so we're way ahead of our capital deployment targets, which is why we raised our capital deployment targets last year at our Analyst Day, the $10 billion to $12 billion over the five years. So we have to

balance making those investments against the dividend and the buyback. But we wouldn't have announced that $1 billion buyback, and we wouldn't be buying shares in the market like we have been if we didn't see that as a good opportunity. And we will defend the stock and try to balance that in the whole scheme of the allocation policies.

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

And I think, Andrew, you hit on sort of the key thing in your question too, which is we've been clear all along that our very first priority in terms of use of capital is building the portfolio. And I think we're weighing it against the attractiveness of the things that we see in our pipeline because ultimately, that will create the most value for shareholders. So I think it's there, it's an option. We've been doing it. But the -- like we've talked about, the pipeline is very full. We're very excited about the opportunities that we're seeing. So it's all part of the balance.

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

So Chris addressed this issue of durability and the durability of the royalties. And so that obviously is a nice segway to the IRA on specific...

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

Great segway...

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

So could you talk to what you perceive to be the levels of your exposure? Because obviously, Trelegy, which is a deal that you recently consummated, would be interesting given what we know now, whether you would have paid what you have paid. I suspect the answer will be probably not, but you may still have gone ahead but maybe a different price point. So one question is just helping us to understand and there are other assets I can identify, but when you talk to your internal calculations, what assets and the percentages that are exposed and the impact once you take into account other variables as well that we'll address.

And then the second thing is how the IRA is impacting your capital allocation going forward, given, as our first speaker this morning outlined, there is really quite considerable uncertainty about whether the IRA is going to -- actually the drug pricing negotiations is going to stick or not? So anyway, over to you, but whoever wants to take that one first?

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

Yes, I can start. So on the first part of your question, we've been in the fortunate position of having, I think, relatively limited Medicare exposure in the portfolio. And I think we highlighted on the last call sort of three products in the portfolio that we thought would be on the list for negotiation over the next couple of years and that is Imbruvica, which was on the list, Xtandi, which turned out not to be on this year, but certainly possible for next year, and then Trelegy as well. And so I think when we tick through each of those, right, we've talked about in terms of the impact to the portfolio, it's actually very modest, right, from an NPV perspective because Imbruvica has been on sort of well -- been under very well publicized significant competitive pressure. And so I think when you look at consensus expectations, look at our own models, the contribution of that to our portfolio going forward, I think is very modest. Xtandi has been a great investment for us, but will go generic, right, I think, in '27 or '28. And then Trelegy, I think, and this brings up a little bit of -- some of your comments as well, which is uncertainty to how very heavily rebated categories are going to fare if in an IRA process relative to higher-priced oncology drugs, which have very limited or no rebates today. And how the -- and I think, again, in terms of more of the uncertainty, how the out-of-pocket changes or less expensive drugs in the Part D redesign will impact the market as well.

So I think there's lots and lots of cross currents. I think net, we are happy, very happy with how Trelegy has performed. Happy to have that as part of the portfolio. But I think regardless of what happens with IRA, I think we feel really good about where the -- where the portfolio is today.

In some ways, the other and really interesting part of that question is how we've started to implement that into the process looking forward. And one of the cool things about the model is, because we don't have the -- sort of -- some of the traditional pharma issues of legacy, therapeutic area focuses or whatever, we can really think about each investment on its own, right, in terms of and really pivot and start to incorporate IRA driven scenarios into our modeling, which is what we are doing today. But you brought up a really important point, which is -- there is a lot of uncertainty about the extent -- the extent to which this will impact the -- will impact this space. What -- if it does make it -- if it does make it all the way through what the actual price discounts are, et cetera. So we've taken a really, I think, kind of scenario-driven model of saying look, what is the range of scenarios where we still think we can exceed our cost of capital for products that have heavy exposure because we don't want to be in a position where we've taken one extreme view, let things go or not done things and maybe there's a whole range of scenarios that would have made it attractive even with IRA. So we're trying to think through all of that.

The last thing I'd just mention is, I think that the market has seen us do it is we do pride ourselves on being very creative in the way that we structure things, right? And so particularly when we're thinking about synthetic royalties or working directly with companies, we have a lot of latitude in how we can structure things. So it is another thing that we're thinking about is how do we build structures, which can kind of balance some of the risk reward around the IRA in out years? So I don't know, Chris?

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

It's good answer.

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

So just before we pick up on some of those threads, let's just take Trelegy, which was a substantial investment for you. What you expect GSK to do in terms of the rebates because obviously, that's going to impact you in terms of the royalty flows. So do we expect a little bit like insulins that the sponsor is going to say, "Okay, you're getting the price 50% cheaper? Say goodbye to your rebates, we're not paying." Or do we expect GSK to say -- I'm using GSK, but you could talk to the industry if it's easier and doesn't cause conflict -- is the industry fearful that it's going to lead through retribution either on that product or another product in their portfolio that the PBM is going to put up pro authorization step edits, whatever, in order for them to get access. So how do you think this shakes out? Because it does have an impact on what your ultimate royalties are going to be?

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

Yes. It's a good question. I don't know that it has a clean answer today. I don't think anyone necessarily has an answer to that. So again, is it -- and I do think one of the -- you brought up an important point, which is I think it's hard to speak broadly, right, because I think each product its specific mix of -- sort of plans and positions and, to a certain extent, the company's portfolio are all going to play into that.

We'll see how it plays out. Look, I think at base, Trelegy is going to remain an important product to GSK. I think one good thing is we're in most ways, we're aligned with them in terms of trying to maximize the revenue opportunity. And so we'll have to watch and see how it plays out. But don't know that we have a crystal ball on how all that's going to come together.

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

So I don't leave Chris out of the conversation. So okay, so this is for Chris. Synthetic royalties, which has been a key part of your mandate. And to me, I always struggle to buy into the idea that large pharma would embrace these. In Europe, it seems for accounting reasons, it's problematic as we've risked and described and seems to be confirmed at least by my conversations with the C-suite. But -- so a lot of your deals have been with the SMID companies. Historically, I guess, the ones that I remember is Ibrance with Pallas. And then there's an interesting one you did with AZ on PT027 or whatever brand name they gave it with. But have I missed any others? And is it wrong to assume that large pharma really isn't -- as I would

have anticipated there, this is really focused on SMID or is something changing in U.S. large pharma that you expect them to be more open for synthetic royalties going forward?

Roivant was almost an alternative structure for Pfizer compared to a synthetic royalty deal.

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

Yes. So synthetic royalties for people that aren't aware of what these are, are -- obviously, the company has been around 27 or 28 years and was founded on going and buying royalties that existed at hospitals, universities, foundations, and that's how the company was founded. And we still do that. We buy existing royalties that wherever they might be. Synthetic royalties come in a couple of different flavors. We create a royalty that didn't exist by partnering with the company, and we just announced one last night with Ascendis for their long-acting growth hormone and all we're doing is effectively acquiring revenue participation right in the product. And that's a synthetic royalty on a drug that's already been launched. So that's when we do it. The drug is out there, and we just create it through the synthetic royalty process.

The other way is partnering around research and development, same thing. The drug is maybe not launched, but it's in development, you fund the R&D and you get a royalty once again through what we call revenue participation rate in the drug. Now we've -- we've done that recently, specifically around large pharma. We did one in November of last year with Merck -- U.S. Merck where we announced a $425 million deal where Royalty Pharma will partner with Merck and fund up to $425 million of a clinical program for PDE10 inhibitor that's being studied in schizophrenia by Merck, it's in Phase 2b right now. At close, we've funded $50 million. Merck will see the results of the Phase 2b trial, meet with the FDA. Merck then needs to make the decision to advance into Phase 3 clinical development without knowing whether we're going to participate. So right there, we know that we see the data, we see the interaction with FDA, they're moving forward without knowing whether we're going to participate, and we have an option to come in and co-fund the Phase 3 development program. That is something that we feel, one, we get to see the results of the Phase 2b, how it stacks up, the interaction with the FDA and whether Merck is committed without us. Then we can opt in at a certain time period after they commence the Phase 3 study. And in exchange, we get milestones and a royalty on that drug.

Now why would Merck do this? Well, lots of reasons. One, the risk sharing across one of their portfolio assets. And two, they're funding something where if we opt in, they're going to get $425 million from us over their clinical program and help them defray the cost of that. Under U.S. GAAP, to your point, Andrew, that there is clear guidelines, which permits a company if structured properly to receive what's called contra R&D accounting. So they effectively at every quarter, bill us half of the clinical trial costs, we pay for it and that effectively is a deduct from their R&D spend. It allows them to do more of other things in their R&D and preserve their guidance on their EPS bottom line. That's R&D synthetic royalty financing.

We have talked to, you might imagine, virtually every large pharmaceutical company before and really after that transaction around how can we do this with you. In Europe under IFRS, the accounting is not predefined that you have certain pathways to contra R&D, but we know for sure, companies have achieved under IFRS, that accounting treatment. And so we believe there is a pathway, and we know, for sure, there is one, if structured properly and working with their auditors very carefully. So we see that as an interesting opportunity because we're partnering with a large multinational, if structured properly, we want to be very clearly aligned with pharma on what they perceive to be their very important assets. To us, that's the most important thing.

When the Merck deal was announced, we got a lot of calls from people that we've known a long time. And we've looked at a lot of things, but we want to make sure we're funding the highest priority assets at these companies. And so I don't know how big the R&D funding opportunity will be over time. We think it will be part of our portfolio. We think the synthetic royalty on the -- sort of the mid-stage biotech like Ascendis a $5 billion or $6 billion market cap company that's launching a drug or we did this with Biohaven, we did it with Immunomedics, we did it with Cytokinetics, we've done it with BioCryst. These sort of mid-stage biotech companies that they don't want to dilute their shareholders 10 or 15% across all of their assets, we're a much better cost of capital option for them. And in the Ascendis call, I believe their CFO specifically mentioned working with us was a cheaper form than selling equity, it lowered their overall cost of -- cost of capital by doing something with us. And we're still getting very attractive returns for our shareholders. So to us, the synthetic royalty opportunity is a lot of different things. It's just creating a new royalty when one didn't exist. You can do it in a lot of different ways, but we think the bigger opportunity is that sort of mid-cap biotech sector space where pre-commercial or even commercial companies really see the opportunity to work with us and do something that's more cost-effective than diluting all of their shareholders. It's a long answer, but it required a lot of explanation.

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

Maybe we could talk about -- and by the way, if there's any questions in the audience, please raise your hand and I'll make sure that we take them. I'll just carry on until I see hands. So Lp(a), so you've managed to hedge yourself by acquiring royalties on both the Arrowhead as well as the Alnylam molecules. The answer is Alnylam. Actually -- so could you talk to -- because it's obviously relevant for the multinational, namely Novartis and Amgen of the work that you did in anticipating the ramp-up within this patient population and how easy it's going to be to commercialize because at the moment, very few people know what their Lp(a) levels are, how quickly that's going to change, how quickly you can capture other related family members. What is going to be the baseline LDL level, which means who's vulnerable. Does it mean that patients are going to first get GLP-1s and only then you then get an Lp(a)? So there's lots of interesting questions. I'm sure that you thought through much of this when you made both of these investments. So I think it would be helpful to understand both the royalty, but also more broadly for the other companies.

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

Yes, of course. And so there's lots of parts of that question. And you're right. We did think about that a lot. At base, testing the technical hurdle to testing your Lp(a) is very low, very easy to do. I know mine, multiple members of our team have, subsequent to making those investments, gone out and done that.

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

We've got to get people to test.

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

Right. It is very easy to do. So I think -- and that's why it was important to have two multinational companies behind these products because making the investment in a behavioral change, it takes -- infrastructure takes investments and you have two great cardiovascular companies who are going to be driving this. So I think that part, we felt would be there. It is easy to do. The sort of lipid specialist world is already there, right? So it's something they see as part of the base package today.

So I think all of that will come together. There's no question it will take time. And so we built in -- our expectations were that it was going to take some time for this market to come together, right? But I think once we have compelling outcomes data out there, that the pieces will be there to start to drive awareness and testing. And I think the interesting part about this is, one, you only have to test once, right? So which is not different than LDL and other things. And the second piece is the only way to treat your Lp(a) is with these agents, right? And so I think there's a -- we thought that was -- with good data in hand was going to be a pretty compelling commercial message for patients who need this, right? And I do think that the initial population or the focus of the population is going to be people who are -- who are a little bit younger, who are higher risk, and are going to be more motivated, I think, on the margin to find out their Lp(a) and get treated as needed.

So -- but it's definitely going to take time. I think we've seen every cardiovascular launch in the history of the world is slow, right? If you think back to Entresto, the -- blanking -- [Leqvio]. We have, yes, we have an investment in the hypertrophic cardiomyopathy space. That product also is very much consistent with what we thought, but also taking time. So I think it has to be sort of a base expectation that cardiologists take time to get behind things. So that was our thinking.

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

And the -- you never -- you passed on the Alnylam, Blackstone took the royalties on Leqvio . Was that just a function of the valuation to acquire them? Or was it more a function of concern that Novartis was out there alone building up and buying bill in the absence of outcome data?

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

So that takes me back a little bit. Without commenting...

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

I'm sure you looked at it?

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

Yes, without commenting specifically, so yes, any -- what we usually say about that is any royalty transaction that is announced of any size, you can presume that we had looked at it. And it's a good product. I think Novartis is a -- obviously, Novartis is the right company and believes very, very strongly in that. I probably don't want to get into why we passed. I'd also remind everyone that happened at an interesting time, too. We were at sort of like peak COVID when that coming on to -- when that transaction happened. So it was an interesting time, too, in our markets generally.

So there are a lot of moving pieces at the time. But look, we think Leqvio has a lot of potential and just needs some time people tend to judge cardiovascular launches too early, right, and Entresto being a great example and look at what it's done.

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

The problem with that molecule, unlike Lp(a) is the demographics because obviously, they're heavily weighted to the elderly, which takes you into the IRA territory, which fortunately for you...

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

There's less exactly -- there's less. People are -- when you look at the age range of the people who are in the Lp(a) trials, right, it skews younger for this reason. It's an important risk factor for earlier cardiovascular disease.

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

So perhaps you could talk to the Ferring gene therapy deal. I'm going to mispronounce it. Adstiladrin. Still working on it.

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

Yes, exactly there is a lot...

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

So is it your understanding that this would be exempt from the IRA because when I -- whether it's a cell product is -- I mean you tell me that's a question because you did a deal, I think, after the IRA. So what is your understanding? Because I'm sure you've taken legal counsel.

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

Yes. So our kind of base case on that was that, yes, it is -- that it is also a single indication orphan drug as well.

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

Because you exempt on...

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

That was our base view but on -- exactly. Yes, exactly.

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

All right. I've got it. It would be remiss of me because I still get questions on the downside to your share price from the cystic fibrosis next-generation compounds.

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

I thought we handled that on the quarterly call.

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

Yes. But you'd be surprised it never dies no matter where you are -- even seems to be. So for those of you who may not have been in the quarterly call, if you could just summarize your exposure and why the magnitude and the impact is limited, and I'll let people do their own math even at 40, it was minimal downside, if any. So certainly at $29 or wherever the share price is today. But just to make sure everyone is on the same page, because I do get questions on it. Either of you, why don't you just give a sort of the...

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

You want to go for it?

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

No, you go ahead.

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

So you're -- George has the slide, so I will speak at a high level for not misquoting any numbers, but I would encourage everyone to our CFO Terry Coyne did an excellent job of walking through various kind of CF royalty scenarios with respect to what might happen with the new triple that Vertex is going to report data on.

The net takeaway of it, as Andrew is alluding to, and we walked through and the effort was to kind of book end some scenarios for the marketplace on the last call. And as we showed that even under pretty pessimistic scenarios, both in terms of how much of what is the current Trikafta market today transitions to this new triple and in terms of what the ultimate royalty rate might be, which is the basis of our differring views from Vertex that you come up with a very manageable exposure of a couple of hundred million dollars plus to Royalty Pharma.

And when you think about that in the context of the size of our top line today, as we continue to add and build the portfolio, the size of our top line when this actually happens, which will be later in this decade, it's very, very manageable within the context of our portfolio and what we're doing. But we've tried to lay it out for people. I think the next step, we'll see -- let's see what Vertex reports in terms of the data, which is going to be early next year. And then I think that will be the first step in kind of in understanding this better looking forward.

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

Is that...

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

You promised us no Vertex questions Andrew. Just kidding.

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

Did I promise any of that? Just to wrap up, and I've tried to take off at least all the questions that I receive or things that occur to me. Is there anything that you think I should highlight that I haven't touched upon in the last 35, 40 minutes?

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

I mean I'll go. I mean -- and you can chime in. I think what -- a couple of things from a high level -- you know the total addressable market is extraordinarily large. I think everybody understands how much people spend on R&D in the sector across the government's, biotech and large cap pharma and we play in that market. I think we've put out numbers, it's like over $3 trillion over the next decade. It's extraordinary, right? And I think what people also lose sight of is the fragmentation in the sector is enormous. So basic research is occurring around us here. In Cambridge, MIT and Harvard, et cetera, Mass General. And these basic research gets spun out in the biotech -- biotechs partner with pharma. And every step along the way, you're creating an existing royalty. And that's the company's foundation, and we were founded, we would buy those existing royalties and that's -- we have a lot of data to show that fragmentation is only accelerating. And so that core base of how the company is founded and what we do, like the Lp(a) royalties were -- we acquired those from Ionis and Arrowhead, not the -- what will be the marketers when those drugs get approved. And so that's just an enormous opportunity, and you put on top of that the synthetic royalty opportunity, which we announced the deal last night, as we said, with Ascendis and about 10 days ago with Ferring, both synthetic royalties didn't exist. Companies wanted to partner with us, attractive cost of capital for them, attractive returns for us. And we only see that the growth of the royalty market around people thinking away from just selling their stock or doing a convertible bond to raise capital, they're thinking in addition to that, creating a synthetic royalty.

So we can be a piece of the capital structure for a lot of the sector, which is capital deprived as we know. And what I would -- but all of that against is we've generated returns -- unlevered returns. Sometimes we talk to investors. And when we say unlevered returns, I mean, when you put leverage on that, obviously, they're even more attractive. And so unlevered returns over a very long period of time from a management team perspective in the teens, and you put leverage on that and they want to go higher, it's an extraordinary business model and an extraordinary opportunity. I think and people -- it takes some time to sort of explain all that because it's a lot of different moving pieces. So we're super excited. We've never been -- Marshall have never been busier from the pipeline perspective. But that would really be sort of my summation of things that maybe we don't get asked enough about, but the opportunity is there for sure.

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

That seems like a very good place to stop. But thank you both...

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

Thanks for having us, Andrew. Thank you. Thanks very much, appreciate it.