REFINITIV STREETEVENTS

EDITED TRANSCRIPT

RPRX.OQ - Royalty Pharma PLC at JPMorgan Healthcare Conference

EVENT DATE/TIME: JANUARY 09, 2024 / 5:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

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

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

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

CONFERENCE CALL PARTICIPANTS

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

PRESENTATION

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

Good morning, everybody. I'm Chris Schott at JPMorgan, and it's my pleasure to be introducing Royalty Pharma this morning. In our view, this is a really unique business model, helping finance innovation across the whole biopharma space.

From the company, we have Pablo Legorreta, the company's Founder and CEO, and then we're going to have a Q&A session with the broader management team.

With that, Pablo, Happy New Year, and thanks for joining us today.

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

Happy New Year to you, Chris, and thank you very much for the invitation to present at JPMorgan. I was actually reflecting last night and this morning that I've actually been coming to this conference, I think, for about 25 years. I started Royalty Pharma 27 years ago. And the thought that came to my mind is that the first 21, 22 years, I was coming to the conference, sitting very much like many of you in the audience to try to learn about interesting products that were being developed by companies. And then obviously, meeting with management teams to see if we could finance the companies, invest in the products through a royalty model. And obviously, that has changed. Now I'm here presenting Royalty Pharma to all of you since we went public in June of 2020, with JPMorgan as one of our lead underwriters. And what we now do is that we have a team here at this conference of, I would say, maybe 20 people, a research and investments group, that is comprised in New York, we have about 30 of people with great backgrounds. MDs, PhDs that follow all of the therapeutic areas, companies. It's a team that's actually led by Marshall Urist, then Chris Hite, the two of them work very closely with this group. And they're here, and they will probably have this week about 100 meetings with companies to actually see what we can get involved with. And I'm here presenting to all of you and having a lot of meetings with our investors.

But with that, good morning and good afternoon to those of you on the web. My name is Pablo Legorreta, and I'm the Founder and CEO of Royalty Pharma. I'm thrilled to be here to share my excitement for our business. What I plan to leave you with today is a clear appreciation of the enormous potential of royalty funding in life sciences.

Before I begin, you can see on the slide our customary forward-looking statements. For those less familiar with Royalty Pharma, we're the pioneer and undisputed global leader in biopharma royalty funding. Our vision is straightforward. We aspire to be the leading partner funding innovation in life sciences. Our mission is to accelerate innovation through collaboration so that our partners are able to transform patients' lives. At Royalty Pharma, we live our vision and mission, and we're highly confident we can deliver against our business goals.

Our focus is on value creation to drive compounding growth for our shareholders. As you will hear from the various biopharma companies presenting at this conference, we're truly in the golden age of life sciences innovation. And this presents us with an enormous opportunity. Specifically, the capital needed to fund innovation in life sciences over the next decade, it exceeds $1 trillion, and it is clear that royalties are becoming a core funding modality.

At Royalty Pharma, we're well positioned to capture a significant share of the growing royalty opportunity as the clear leader and partner of choice with a nearly 60% market share. Furthermore, we have the model, scale and culture to maintain our competitive moat as well as the financial strength to deploy substantial capital. We target around $10 billion to $12 billion over the next five years. By successfully executing against our business objectives, we delivered a 13% top-line CAGR over the 2010 to 2020 time frame. And we maintained high and consistent double-digit returns across different interest rate environments and different funding environments for the ecosystem.

For this decade, 2020 to 2030, our long-term financial outlook is to sustain our double-digit growth record, and I'm very confident we're well on track to achieve this.

We're very proud of our achievements in 2023. We delivered strong financial performance and significantly enhanced our portfolio through strong capital deployment. As announced in our press release yesterday, we expect to deliver around 11% underlying top line growth in 2023, marking our third consecutive year of double-digit growth since we went public. And by the way, this double-digit growth record, it's something that we have sustained for more than two decades, both on top line, bottom line, but also in terms of shareholder returns.

We have also announced a $1 billion share buyback program earlier in the year, reflecting the disconnect we see in the share price from our strong fundamental outlook. We added royalties on eight new therapies to our portfolio, including incremental royalties on the exciting blockbuster therapy Evrysdi. We also saw a number of positive clinical and regulatory events for our portfolio assets.

In terms of capital deployment, last year was very strong with $4 billion in announced transactions. It was also our highest-ever year for synthetic royalty transactions, which is something I will go into more detail on this presentation.

Lastly, we maintained our leading share of the biopharma royalty funding market at around 60%. And although not mentioned on this slide, we strengthened our team and our unique corporate culture.

Expanding on my last point, 2023 saw very strong growth momentum for the royalty market with $7.3 billion of transactions, which represents the strongest year ever for royalty funding. As I mentioned earlier, royalties are becoming a core funding mechanism for the biopharma industry. And this graphic really underscores the excitement we have for our market. We maintained our leading share of this market in 2023 with 54% market share, relatively consistent with our historical average of nearly 60% share since 2012. For comparison, the #2 royalty buyer or investor had only 13% market share in 2023.

Drilling a little deeper into our 2023 achievements, let me turn to the investments we made in our transaction funnel. As you can see here, we were incredibly busy and reviewed more than 400 potential royalty transactions. This resulted in 126 CDAs, 93 in-depth reviews and 47 proposals submitted. Our disciplined and highly selective approach resulted in us executing only seven transactions or just 2% of our initial reviews.

In 2023, we saw further strong growth in our pipeline. The volatile equity market and higher rate environment certainly played a role, but you can see that this positive trend has been in place for multiple years. The number of in-depth reviews we conducted has more than doubled since 2019, which was the year prior to us going public.

We review this as an important metric for our deal funnel, as I said, where our team starts to invest a significant amount of time reviewing opportunities. This metric speaks to the growing number of quality opportunities we're seeing. This increase in-depth reviews was nearly matched by an increase in our transaction value over the same period, reaching $4 billion in 2023 compared with $2.2 billion in 2019. Looking ahead, we're confident we can scale up our capital deployment over time while maintaining a high-quality bar and attractive returns.

A salient feature of last year for Royalty Pharma was the strong growth in synthetic royalties. We pioneered this innovative solution in which we create new royalties as a nondilutive funding solution for our partners. There are many reasons why this approach is attractive to our partners, whether they are small biotechs or big pharma companies. Not only does this allow us to tailor a solution to meet the partners' needs, it provides independent validation of the asset and allows the partner to retain operational control. Furthermore, it aligns our long-term interest with those of our partners. And lastly, we can add value through our proprietary analytics, something that we're really investing in and feel will be very important in the future. It's a true win-win approach, and we believe synthetics will be increasingly utilized in the coming years.

Historically, biopharma funding has been dominated by equity licensing deals and debt. Synthetic royalties have been a small part, just 3% of the overall funding picture over the last five years. From our ongoing partnership discussions, we now see that synthetic royalties are being routinely discussed at the Board level and C-suites as a potential funding modality. Our expectation is that synthetics will be a fast-growing business opportunity in the coming years. In 2023, we announced synthetic royalty transactions of just under $800 million, which represents a doubling since the year of our IPO. We see this as just the start of this amazing trend.

I want to move now to how we're tracking towards the $10 billion to $12 billion capital deployment target we announced at our May 2022 Investor Day, up from the $7 billion capital deployment we announced when we went public. In short, we're currently running well ahead of this five-year target with $7.4 billion of royalty transactions announced in just the past two years and about $13 billion since our IPO. This extraordinary level of activity highlights the power of our business model as well as the tailwinds in our industry.

As you can see from the left-hand side, our recent transactions have been spread across approved and development-stage therapies and include some of the most innovative and transformative medicines for patients.

Over more than two decades, Royalty Pharma's unique business model has been able to generate very consistent and predictable, absolute double-digit returns. Let me repeat, absolute double-digit returns. In my view, this is an underappreciated attribute of our business model. Here, we show our return targets of high single digit to low double digit for approved products, this is before the leverage, and teens for development-stage therapies.

Based on our historical mix of investments in approved versus development-stage therapies, we target low teens blended returns on an unlevered basis. This is significantly above our estimated cost of capital of between 6% and 8%. On top of this, we expect to enhance our returns with conservative leverage. Historically, we have funded about 1/3 of our deals with low-cost debt. That takes our levered returns to the high teens or low 20s. Importantly, we expect to maintain attractive returns of our cost of capital regardless of the interest rate environment.

Here, you can see the performance of our transactions since 2020. The left graphic on the left side shows that the consensus 2025 sales estimate for the majority of our recent investments has significantly increased. Over half of these investments have seen more than 20% increases in consensus sales by 2025 and a couple have increased more than 50%, notably Evrysdi. The graphic on the right side illustrates that the vast majority of our recent development-stage investments have delivered positive clinical and regulatory milestones. Our team has an enviable track record of identifying important waves of innovation through over more than two decades. This past year, we saw numerous examples of just that, with our approach validated by positive clinical and regulatory events as well as acquisitions of companies who lead products we have a royalty in.

Expanding on my previous point, we're very excited about several notable successes from our development-stage portfolio during 2023. This slide lists six important events for our portfolio, of which the most recent were the positive Phase 3 results from Cytokinetics' cardiovascular drug, aficamten; and the $13 billion acquisition of Karuna by Bristol-Myers Squibb to gain KarXT for schizophrenia. Each of these development-stage assets has the potential to be an important contributor to our long-term growth and returns, and we have many more exciting potential upcoming milestones for our portfolio in 2024 and beyond.

On this slide, I want to highlight how our strong business execution has translated to compounding growth. This slide shows our impressive track record of strong top-line growth since our IPO in June of 2020. As I noted earlier, we delivered 11% underlying growth in 2023 after two double-digit growth years in 2021 and 2022. Through the period, we absorbed the expiration of royalties on several important franchises, including HIV and DPP-IVs, which were top five franchisees for us at the time of our IPO. We believe our ability to grow through patent expirations truly stands out versus other biopharma companies, once again, highlighting the unique value of our business model in the growing market for biopharma royalties.

Not only have we delivered strong growth, but the approximately $13 billion of capital deployed since 2020 has significantly broadened our portfolio. To put this in perspective, at the time of our IPO in 2020, we guided to $7 billion in capital deployed over a five-year period. So we have nearly doubled this figure. Over the period, we have acquired royalties on 34 unique therapies, of which 17 are either currently or projected to be blockbusters, and nearly 2/3 were approved at the time of acquisition. These new royalties are expected to add approximately $1.2 billion to our top line in 2025 using consensus estimates. This ability to continually expand the portfolio with attractive long-term duration royalties is another unique feature of our business model.

While the science and business opportunity ahead of us may seem complex, Royalty Pharma has a simple model which we're confident will continue to drive attractive compounding growth and deliver attractive shareholder returns over the long term. It starts with our diversified portfolio of over 45 royalties that form the bedrock of our compounding growth. This portfolio is unique and cannot be replicated by new entrants. This, in turn, provides us with substantial cash flow to allocate primarily on value-enhancing royalty opportunities. However, we also return capital to shareholders through an attractive growing dividend and share repurchases.

We maintain a high-quality bar so that we sustain attractive returns of our cost of capital. And the strong returns have, in turn, propelled our double-digit growth record, which we expect to maintain over the next decade.

To finish, I would like to highlight how Royalty Pharma's business model offers a unique way to invest in biopharma. The key message I would like to leave you with is that we strongly believe that an investment in Royalty Pharma maximizes exposure to many of the industry's positive trends while minimizing exposure to many of its common challenges.

In terms of biopharma industry strengths, we offer strong diversification on the top and bottom line. We provide exposure to transformative therapies, including 15 therapies with more than $1 billion in end market sales and many well-known best-in-class brands. We benefit from a long-duration portfolio with an average expected duration of around 13 years, which exceeds many big pharmas and large biotechs. And from a financial return perspective, we have a track record of delivering consistent and predictable returns above our cost of capital.

When we think about industry challenges, we have minimal exposure to early-stage development and late-stage clinical binary risk, which clearly differentiates us from biopharma. Also, we have no therapeutic area bias and are free to invest where we see the most exciting patient and commercial opportunities with no antitrust issues, this is important, something that is unique to us when compared to most other leading biopharma companies.

Importantly, and again, unique to Royalty Pharma, the entire industry is potentially our pipeline. We have an exciting future ahead of us at Royalty Pharma, and we're delighted to share it with you.

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

QUESTIONS AND ANSWERS

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

Great. Thanks so much for those comments, Pablo. I thought maybe just to kick off, just maybe just a couple of bigger-picture questions. You lay out a really impressive story in terms of the capital deployment. You've exceeded a lot of your -- the targets you put out to The Street. The stock hasn't performed in line with that. And I'm just trying to -- your perspective in terms of what The Street is missing with the story because sort of kind of balance the fundamentals versus the stock performance, it does seem like there's a disconnect here.

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

Sure. So I'm glad you recognize how unique our business model is and how it's a model that really distinguishes itself from other investment opportunities in life sciences, one that is able to capture the most exciting innovation of the entire ecosystem and then through our diversified portfolio, able to deliver very predictable double-digit returns to investors. And that's what's so unique. And it is true that it seems based on our stock price that many investors are missing that. And when we look at where the market is valuing Royalty Pharma today and we look at many different metrics, it's very clear to us that what the market is valuing is just the existing portfolio, not really putting any value to the engine and this ability to continue to grow and deliver high returns.

I think eventually, we're going to succeed. There's no question about it because it's a question of just continuing to deliver and eventually, investors will recognize that and hopefully invest in our company. We're also young. Even though I've been doing this for 27 years with an amazing team that is here with me today and some in the audience, we're a very young public company, only three years, with a very unique business model. So a lot of the work we have to do is to educate investors about Royalty Pharma and what makes us so different.

What is missed? We have, over the last two years, just listening to our investors have realized that there's about three or four things that were holding back investors. One is this potential dispute that we have with Vertex on cystic fibrosis. Another one is interest rates and this belief that Royalty Pharma is dependent on interest rates to be successful and capture a nice spread or return of our cost of capital.

Other things have been a massive shift that we have had in our shareholder base where for 20-plus years, the shareholders that we had in this company were mainly two kinds, high-net-worth individuals', family offices, and institutions like universities, endowments. A lot of them have sold over the last three years, and 60-plus percent of the ownership of Royalty Pharma has changed hands. So we had to replace about $16 billion of value with new investors.

But going back to the other two points, realizing that the CF dispute and interest rates were a problem, we decided over the last few quarters to really put that in black and white because we would communicate to investors and say to them, the cystic fibrosis dispute, which if we -- you take the worst case where we lose the dispute, the new triple ends up gaining 75% market share versus the existing triple, which is highly unlikely. It's more likely to be 25% to 50%. But if you take the worst case, the impact to Royalty Pharma is a couple of hundred million dollars in 2030.

Now the key thing that is really important for us to communicate to investors is that just looking at the growth of our existing portfolio and the pace of investments, $3 billion, $4 billion per year and how much every $1 billion that we invest adds about $200 million in top line five years out, and we have a pretty good track record of that over decades, that we invest $1 billion and that adds $200 million to our top line. So if you just think about that and the fact that over the next seven years, we're likely to invest somewhere between $15 billion to $20 billion, we have guided to more conservative numbers, $10 billion to $12 billion, but just looking at the pace, it could be $15 billion to $20 billion. We're going to add $4 billion, $5 billion of top line revenue by 2030. So the business will have in excess of $5 billion of revenue. So $200 million is absolutely nothing. And investors are too worried about that. So they should get over it and realize that it's a great time to come into the stock now because we're going to get through the cystic fibrosis dispute one way or the other.

And then the interest rate issue, the reality is that there's really good proof, real life proof, we did a deal with Evrysdi where we bought a first tranche of that royalty for $650 million in 2020, the year we went public and we bought another tranche now. The company, PTC disclosed the cost of capital to them, 11% in 2020 and 13% now. So we were able to capture two points more of return on the recent investment, really reflecting the higher cost of capital for everyone. Capital is scarce from the industry, so that provides us with really interesting opportunities because the less capital there is of that for companies, it puts us in a better position. And so we've been able, through deals, demonstrate that we're able to capture the same spread on capital deployed now than we did two years or five years ago.

And then another really critical thing is that we have $6.3 billion of debt in -- at Royalty Pharma with fixed coupon at 2.5% cost, 13-year duration, which is a major -- a significant asset we have, which matches really well the assets, the debt 13-year duration, and we have our portfolio that has 13-year weighted average duration, it's a really good match. And that debt that is there, 70% of it expires 2030 and beyond, is an asset. So maybe I gave you a long-winded answer to your question but I just wanted to address a lot of these issues.

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

Yes, sure. And maybe one other bigger-picture one, we'll go to the more specifics. And one of the questions I get or pushbacks I get is just the complexity of the story. You have a lot of royalties. And I hear some investors, I got to look into all these different products. I guess how would you think -- I know you're focused on maximizing returns. But as I think about the balance of deals of thinking about smaller transactions, really good returns versus maybe like easier, larger, to understand deals-- how do you balance that out now as a public company? Maybe it's a different dynamic than when you were private...

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

I think what's interesting of what you say is that the business model is incredibly simple. It's so simple. I mean you couldn't have a simpler company. We deploy capital, we buy a royalty. And when you look at our P&L, $3 billion from a very well-diversified portfolio of royalties, $200 million -- around $200 million of cash expenses. So we have an EBITDA of $2.8 billion. And then we have another couple of hundred million of interest. And that's it, that's the business. It's revenue from amazing products, leading products marketed by the top companies in the industry and then about $400 million of expenses. Very predictable, very stable.

Now we do have a lot of products in the portfolio. And maybe for some investors, it's complicated to follow that many. So we're going to roll out over the next year several things that we're going to -- because we have heard investors, and we know that it's complicated --so we're going to try to simplify it for them by providing consensus on the products so that they don't have to go and do it and other things. We also recently changed instead of on the top line, Terry, you may want to just talk about what we did with just a little change on the way we report.

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

Yes. What we're going to show going forward is we have this -- get collect royalties and historically, we've shown total royalties and then we have a noncontrolling interest related to pre-IPO investors. And what we're going to do is show the net on each royalty line to really show the true underlying royalty cash flows to Royalty Pharma, which we think will increase the transparency there.

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

And then we're going to call on instead of calling in Adjusted Cash Receipts.

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

This is the label change, but the number is the same, but it's called Portfolio Receipts.

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

So you're kind of working to try to address those?

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

Simplify it, yes.

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

The other question, in your presentation this year, there's a lot of synthetic royalties. It seems like -- I know that since the IPO, you've talked a lot about that. Can you elaborate a little bit more of what you're seeing as companies are considering financing alternatives, like how broad is that conversation around synthetic?

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

Yes. Thanks for the question. Yes, I think there's been a pretty big shift in the way companies think about capital formation. The biopharma sector historically has thought about equity offerings, convertible bond offerings and to the extent they could raise debt, debt. And what we're saying is you should also consider royalty financing as well as a piece of your capital structure. We put up there all the reasons why there's advantages to synthetic royalty financing as opposed to equity or debt around dilution and flexibility, et cetera. And what we've seen is a real uptake on in the community of biopharma around accepting that as a potential piece of their capital structure. And you saw that with Biohaven and Immunomedics and Cytokinetics to name a few. In this past year, we did deals with Ferring and others. And so it was a really -- it's been a real sort of mind shift in the industry, and we think that trend is going to continue.

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

Great. Can I just sort of ask because we -- hopefully, we're coming out of it now, but we've been in this prolonged kind of devaluation of biotech assets. I guess how has that impacted your -- the kind of the funnel in terms of the type of deals you're seeing and the quality of assets? Is there anything kind of notable that you'd highlight there?

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

Yes. No, it's a good question, Chris. I think what we've said consistently is the strongest driver of our business, when we look at the opportunities that we're seeing is what Chris was just talking about, which is a secular change in how the industry is talking about funding themselves, right? What we always love to see is you see presentations now at this conference where people put royalties as a potential option to fund the business, which five or six years ago never would have seen that, right? And I think that's the work of our team and others to develop that.

And so what's really interesting is that's been the driver of the business. So if you look back, we've been through over the past five-plus years, one of the lowest points in terms of capital formation for biotech and some of the most robust. And we've been very successful at continuing to build the portfolio with exactly the kind of high-quality products that we're after in both environments. So I think we feel really confident as the biotech funding cycle sort of waxes and wanes as it will, that our business is in a perfect position to continue to grow and execute our strategy.

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

One thing to add, I talked during the presentation about $1 trillion dollars. And actually, we have another slide that is not here in this deck, where we talk about how academic institutions will invest about $1 trillion dollars in R&D over the next 10 years, and that is because it's funded by governments, NIH and many other governments, that is fairly secure. That money is going to be invested by governments, and it's going to grow, $1 trillion dollars, okay?

There's another $3 trillion dollars that we'll invest over the next decade, about $2 trillion by big pharma, fairly secure because these companies are very profitable and they're going to just reinvest their cash flow. And there's another $1 trillion that is the biotech 8,000 companies. That's where there's a lot of issues and risk to that money being there, and that's where we come in, and we can fund a lot of those transactions. But it's a gigantic opportunity for us. Just over the next five years, the needs of the biotech ecosystem is about $450 billion of capital thats needed to move along the pipelines of the biotech ecosystem.

And synthetics, which were about $4 billion or so could become $18 billion to $30 billion opportunity for us over the next five years. And we have guided to $10 billion to $12 billion. So it's a much bigger opportunity than what we have guided to. But one thought that comes to mind, I was having a conversation with an investor yesterday is, you can see how economies grow like investment firms, whether it's a Fidelity or Blackstone they grow, and they grow over time because everything grows, right? So what's going to happen in this ecosystem is that there's going to be just growth, right? Because the number of diseases, of medical conditions that are out there where there's no cure, is so big 30,000-plus and science is advancing to -- with new targets and ways of making a lot of things druggable that we're not. So the need is there, the unmet medical needs. The capital is going to be there. And what's going to happen is that our business is going to grow. I mean we're the leading investor in this ecosystem, the leading funder of innovation in this ecosystem. And we just continue to do this right and continue with the amazing team we have in this incredible sort of process we've developed that is very streamlined of how we can analyze a lot of things very quickly and really pick the winners. We just continue to do that. Our business is going to grow and it's going to double or triple.

Why? Because the market is there, the need is there. The capital is going to be there. The capital funded by governments, by the companies. So it's just going to happen. And investors need to wake up and sort of realize that well Royalty Pharma is here to stay, and it's here to grow very fast and very predictably. And it's a good time to get into the stock now.

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

Great. Just a couple of product updates. I know we had some aficamten data. We had an acquisition of Karuna. Maybe just some perspective on both of those. First, in terms of the data, what is that product? How do you think about the importance of that product to the portfolio? And then just in general, maybe the second one was on the assets you're selecting -- is the potential that you could see a larger partner kind of come on board and really leverage their commercial infrastructure. Does that weigh into the type of deals you select?

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

So the answer to the last question is we always invest and partner on the belief that our partner is going to launch the product, right? That's why we select great products and great teams and believe in their vision and be a great partner over time. Sometimes companies get bought, right? And that's great, right? It happened with Immunomedics, that happened with Biohaven and those are going to be bigger, broader products in the U.S. and globally because of those partnerships. But we are always there to be a partner that -- on the belief that our partner can launch the product, right? We've all been in this around -- I've been in this industry a long time. You can't wait around for M&A, right? Usually, if you're waiting around for it, it doesn't happen. So anyway, I think that's the core of it. But specifically on those two, look, we are super happy with the data that we've seen so far for aficamten. Very happy for the Cytokinetics team who have been at this for a while, and it's great to see a really strong data set like that, and we're looking forward to learning more.

And look, I think the thesis there that we talked about was they were second, but Bristol is going to put a lot of time and effort into building that market. I mean we were just talking about, if anyone has been watching football, the amount of unbranded hypertrophic cardiomyopathy advertising that's been out there has been really great to see. And I think we're super happy with that. Karuna, the same thing. I think these are both examples of areas that we've talked about thematically under-innovated areas, cardiology being one, a big market like schizophrenia being another and trying to find the next great crop of products to serve those needs.

And I think that's been a core strategy of ours and it's great to see sort of progress in that direction. So on both of them, we're happy now to have -- two big companies now are going to build a whole new class in schizophrenia, where I think we all know there's profound unmet need. And so it's going to be -- we're super happy that -- to close the year with those two things, and those products are going to be on a great trajectory.

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

Yes. One quick thing to mention is that maybe our stock also has suffered over the last two, three years because we had some negative issues with some products, right, a write-off on gantenerumab, otilimab and other negatives. And it was just bad luck that they happened over the last two, three years. But now we have positives, right? And this is proof of the fact that the team has an incredible amount of knowledge, expertise in really investing in winning products. And we're obviously super happy that this is happening. And then the other thing that's interesting is there's going to be quite a bit of -- I forget, there was a slide of announced important milestones in 2024 and beyond on other of our products in the portfolio. But...

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

And then just my question just on capacity, and you've been pretty regularly exceeding some of your targets on capital deployment. Just talk about your ability to continue to deploy capital at this elevated rate if the opportunities were there. Do you have the capacity to do that?

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

Yes. Absolutely. We feel really good about our financial position. So from a -- we haven't updated our cash, but we are generating a lot of cash every quarter. And we...

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

About $400 million, $500 million?

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

Yes. And then with our leverage at around 2.5x right now, we have a lot of flexibility on the leverage side. So access to capital is the least of our concerns. It's really just making sure that we identify the right investments to deploy that capital on.

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

And then just on that capital deployment piece. I know you have an authorization, you've done some repo. How are you thinking about repo just given where the stock is trading versus on flip side, it seems like a really nice deal environment to be generating returns?

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

I mean it's something we talk a lot about, and it's a bit of a balancing act. Luckily, like I said, we're generating substantial cash every quarter. And so we think that particularly with the stock where it is, share repurchases are a very important tool that we want to have, and we're very happy that we have. Number one priority is still buying royalties because we think that that's -- that's the business. And we think we can create a significant amount of value there by buying great royalties and expanding and extending the portfolio.

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

It doesn't have to be either/or...

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

It doesn't and that's the beauty of our financial firepower really.

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

Excellent. Well, I think just about out of time here. Really appreciate the time...

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

Just one last thought, Chris, sorry.

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

Yes. No problem. You got 30 seconds for...

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

One last thought. I was having a conversation with the other investors yesterday where he was saying, what's so interesting is that in the ecosystem, when you look at -- think of investment opportunities, we have this like barbell. A lot of big companies, some that grow nicely and many that don't. And then you have a lot of very smaller companies and thousands of that, right? Difficult situations, you have to be very selective. And -- but there's not a lot in the middle, right? And what he was recognizing in Royalty Pharma is a company with a very significant market cap. I mean obviously, we're not $100 billion, but high teens and hopefully, we'll get into the $20 billion soon. But significant market cap and a possibility of putting in hundreds of millions of dollars of investment to work as an investor. And he was saying, that's very unique. And there's not many opportunities like that in life sciences, and he saw that as a very positive thing. So anyway, I will leave you with that and thank you.

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

That's perfect. Thanks for joining. Thank you.

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

Perfect.

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

Appreciate that. Thanks so much.