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OVERVIEW:

Company Summary

REFINITIV

CORPORATE PARTICIPANTS

George Grofik *Royalty Pharma PLC - Senior Vice President and Head of Investor Relations & Communications*

Pablo Legorreta *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Marshall Urist *Royalty Pharma PLC - Executive Vice President - Research and Investments*

Terrance Coyne *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Christopher Hite *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Hardik Parikh *JPMorgan Chase & Co - Analyst*

Michael Nedelcovych *TD Cowen - Analyst*

Terence Flynn *Morgan Stanley - Analyst*

Geoff Meacham *Citigroup, Inc. - Analyst*

Jason Gerberry *BofA Securities, Inc. - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Royalty Pharma first quarter earnings conference call. I would now like to turn the call over to George Grofik, Senior Vice President, Head of Investor Relations and Communications.

Please go ahead, sir.

George Grofik - *Royalty Pharma PLC - Senior Vice President and Head of Investor Relations & Communications*

Good morning and good afternoon to everyone on the call. Thank you for joining us to review Royalty Pharma's first quarter 2025 results. You can find the press release with our earnings results and slides to this call on the Investors page of our website at royaltypharma.com.

Moving to slide 3. I'd like to remind you that information presented in this call contains forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from these statements. We refer you to our most recent 10-K on file with the SEC for a description of these risks. All forward-looking statements are based on information currently available to Royalty Pharma, and we assume no obligation to update any such forward-looking statements.

Non-GAAP liquidity measures will be used to help you understand our financial results and the reconciliation of these measures to our GAAP financials is provided in the earnings press release available on our website.

And with that, please advance to slide 4. Our speakers on the call today are Pablo Legorreta, Founder and Chief Executive Officer; Marshall Urist, EVP, Head of Research and Investments; and Terry Coyne, EVP, Chief Financial Officer. Pablo will discuss the key highlights, after which Marshall will provide a portfolio update and Terry will review the financials.

Following concluding remarks from Pablo, we will hold a Q&A session in which we will be joined by Chris Hite, EVP, Vice Chairman. And with that, I'd like to turn the call over to Pablo.

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Thank you, George, and welcome to everyone on the call. I am happy to report a successful start to 2025 as we execute against our vision to be the leading partner funding innovation in life sciences. Moving to slide 6. We delivered excellent financial performance in the first quarter while continuing to expand our portfolio and returning substantial capital to shareholders.

In terms of the financials, we delivered 12% growth in Royalty Receipts. This represents our recurring cash flow and the strong performance in the quarter reflects the quality of our diversified portfolio. Milestones and other contractual receipts, which are more variable and included a larger payment this quarter, lifted growth in Portfolio Receipts, our top line, to 17%.

Turning to capital allocation. In January we announced an evolution to a more dynamic capital allocation framework. This flexible framework allows us to scale our efforts to address the discount of our share price to intrinsic value while also pursuing attractive royalty acquisitions. At that time, we also announced our intention to repurchase up to $2 billion of shares in 2025, depending on market conditions, out of an authorized total of $3 billion. Consistent with this, we repurchased $723 million of our shares in the first quarter. At the same time, we deployed capital of just over $100 million on value-creating royalty transactions, and we increased our dividend in line with our commitment to mid-single-digit growth.

Looking at our portfolio, we expanded our development-stage pipeline through a new Phase 3 R&D funding collaboration with Biogen for litifilimab in lupus. As Marshall will discuss, this is a potential blockbuster therapy in a disease space with unmet patient need and we're excited to add this to our portfolio.

We also received encouraging regulatory and clinical news on several portfolio therapies, including FDA and EC approval of Tremfya in Crohn's and EC approval in ulcerative colitis, positive Phase 3 result for ecopipam in Tourette syndrome and confirmation that Roche is advancing trontinemab into Phase 3 in Alzheimer's disease.

Lastly, I'm pleased to raise our 2025 full year guidance. We now expect Portfolio Receipts to be between $2.975 billion and $3.125 billion based on expected growth in Portfolio Receipts of around 6% to 12%. This guidance increase is driven by the strength of our diversified portfolio and a tailwind from the weakening US dollar. Consistent with our standard practice, our guidance is based on our current portfolio and does not include the benefit of any future transactions.

Slide 7 shows our impressive track record of average double-digit growth since our IPO. As I noted earlier, we delivered 12% growth in Royalty Receipts in the first quarter. This is at the high end of the run rate included in our full year guidance and sets us up well to deliver another successful result in 2025.

Overall, our track record underscores our ability to execute successfully and consistently against our strategy in the growing market for biopharma royalties. With that, I will hand it over to Marshall.

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research and Investments*

Thanks, Pablo. I want to focus today on some exciting updates to our development-stage portfolio. First, the R&D funding partnership we recently announced with Biogen and second, the encouraging Phase 3 results with ecopipam in Tourette syndrome. As Pablo mentioned, we were also excited to see Roche advanced trontinemab to Phase 3 for Alzheimer's disease where we could receive a royalty averaging in the mid-single digits.

Beginning with litifilimab. This is a potential first-in-class medicine currently in Phase 3 development by Biogen for two types of lupus, systemic lupus, or SLE and cutaneous lupus or CLE. Phase 3 results are expected in 2026 and 2027, so relatively near term. Importantly for our shareholders, this partnership fits clearly within our product selection and capital allocation framework with an attractive risk reward profile given compelling Phase 2 data that was published in the New England Journal of Medicine with blockbuster commercial potential in Biogen's capable hands.

In terms of financials, we will provide Biogen with R&D funding of up to $250 million over six quarters to support the advancement of litifilimab in return for a mid-single-digit royalty and milestones. Slide 10 highlights why we are so excited by litifilimab's commercial potential. There are 600,000

people living with lupus in the US and greater than three million patients globally. Yet today, only two biologics are currently approved to treat SLE and there are no biologics specifically approved for CLE.

Together, the two of the approved biologics reported around $2.4 billion in combined sales last year, so already a blockbuster market. However, we expect many more lupus patients will benefit from advanced therapies in the years to come. Our internal analyses show only about 10% of US lupus patients currently receive biologics. When we compare this to more mature immunology markets like inflammatory bowel disease, psoriasis and RA, biologic penetration reaches 40% to 60%. So the lupus market has significant room for growth. This will be driven by medical guidelines that are shifting to support earlier stage use of biologics in lupus and the introduction of new options like litifilimab.

To summarize, we think litifilimab has the potential to significantly improve outcomes for people living with lupus. It's an exciting blockbuster opportunity and a great addition to our development-stage pipeline.

On slide 11, I want to highlight the positive Phase 3 results that were recently reported for ecopipam in Tourette syndrome. Ecopipam is a first-in-class potential therapy with a novel mechanism of action, which we believe has a high probability of clinical and commercial success. As ecopipam is being developed by Emalex Biosciences, a private company, many of you might have missed this positive development.

As a reminder, we acquired a royalty interest in ecopipam at the start of 2024 for an upfront payment of $49 million and up to $44 million in contingent regulatory milestones. In return, we are entitled to meaningful tiered royalties of 6% to 10%.

In February of this year, Emalex reported positive top line Phase 3 data. The study showed a clinically and statistically significant benefit for ecopipam in maintaining reductions of the vocal and motor tics that characterize Tourette syndrome as compared to placebo. The results were consistent across pediatric and adult patients. And in terms of safety, ecopipam was generally well tolerated, consistent with earlier clinical studies. Based on these results, Emalex plans to meet with the FDA and other global regulators to discuss the submission of a new drug application later this year.

Turning to the opportunity for ecopipam. We believe it addresses a clear unmet need. There has not been a new option for Tourette's patients in over a decade, and it could be the first drug ever exclusively developed for Tourette's. Our proprietary analytics support a large Tourette syndrome population with over 120,000 diagnosed US patients, yet only half currently receive medical therapy suggesting that new treatments like ecopipam could expand the market. All told, we believe ecopipam can improve the lives of Tourette's patients and represents a meaningful commercial opportunity where we hold a sizable 6% to 10% royalty. With that, I'd like to hand it over to Terry.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Thanks, Marshall. Let's move to slide 14. This slide shows how our efficient business model generates substantial cash flow to be reinvested. As you heard from Pablo, Royalty Receipts grew by 12% in the first quarter, reflecting the strength of our diversified portfolio.

The key drivers of growth were the strong performance of the cystic fibrosis franchise, Trelegy and Xtandi and the 2024 acquisition of royalties on Voranigo. Income from Milestones and other contractual receipts amounted to $51 million and included a $27 million milestone payment on Airsupra. As a consequence, Portfolio Receipts, our top line, grew by 17% to $839 million. As we move down the column, operating and professional costs equated to 12.1% of Portfolio Receipts. This included $33 million of one-time payments related to the sale of the MorphoSys development funding bonds. Notably, the $511 million of proceeds we received were accounted for as an asset sale and were not included in Portfolio Receipts. Excluding this item, the ratio would have been just over 8% of Portfolio Receipts, which is very typical for our business.

Net interest paid of $127 million reflected the semiannual timing of our interest payment schedule with payments in the first and third quarters. For the first time, it included interest on the $1.5 billion of incremental debt that we raised in June of 2024.

Moving further down the column, we've consistently stated that when we think of the cash generated by the business to then be redeployed into value-enhancing royalties. We look to Portfolio Cash Flow, which is Adjusted EBITDA less net interest paid. This amounted to $611 million in the quarter, equivalent to a margin of around 73%.

Keeping in mind the one-time expense item I mentioned, this reflects a high level of cash conversion and once again underscores the efficiency of our business model. Lastly, on this slide, capital deployment in the first quarter was $101 million, and share repurchases reduced our weighted average share count by 19 million shares as compared to the prior year period.

Slide 15 provides more detail on the evolution of Royalty Receipts versus Milestones and other contractual receipts in the quarter. As I highlighted earlier, Portfolio Receipts, our top line, will benefit from milestone payments compared with the same period last year. Meanwhile, Royalty Receipts, which we consider our recurring cash inflows, grew by 12% driven entirely by the underlying strength of our diversified portfolio.

Slide 16 shows that we continue to maintain significant financial capacity to execute our strategy through a combination of cash on our balance sheet, the cash our business generates and access to the debt markets. At the end of the first quarter, we had cash and equivalents of close to $1.1 billion. As a reminder, we received $511 million in upfront cash in January from the sale of the MorphoSys development funding bonds. This not only delivered an attractive IRR on that investment of approximately 25% but also helped to bolster our balance sheet and increase our financial flexibility.

In terms of our borrowing position, we have investment-grade debt outstanding of $7.8 billion. Our leverage now stands at around 3x total debt to EBITDA or 2.5x net of cash and equivalents. We also have undrawn financial capacity from our $1.8 billion revolver. We were also pleased that Moody's upgraded our credit rating to Baa2 from Baa3. As Pablo noted, under our dynamic capital allocation framework, we took advantage of the fundamental disconnect in our share price and repurchased $723 million in the quarter.

Slide 17 lays out our dynamic capital allocation framework. This framework balances our view of the share price valuation against the attractiveness of royalty deals. When our share price is trading at a discount to its intrinsic value, share buybacks will be an important part of our capital allocation. Conversely, when our shares approach a premium to intrinsic value, we would plan to dial back our share repurchases and focus on higher returning royalty deals.

In an environment where neither attractive royalty deals nor share repurchases are available, we have other options available for our cash, including growing cash to wait for the right deals, paying down debt or increasing dividend distribution. Ultimately, we are focused on driving shareholder value through allocating capital as efficiently and effectively as possible.

So far this year, we've been operating in the upper left quadrant, where we see many attractive royalty opportunities and a discount to the intrinsic value of our stock. For this reason, we have accelerated the rate of share repurchases, consistent with our target of up to $2 billion in 2025, while also increasing our dividend and continuing to deploy capital on attractive royalty deals.

In total, we returned $850 million to shareholders in the first quarter, a record for Royalty Pharma, while we maintain a very active and robust deal pipeline.

On slide 18, we are raising our full year 2025 financial guidance. We expect Portfolio Receipts to be in the range of $2.975 billion to $3.125 billion, which is a $75 million increase versus prior year guidance. About half the increase was driven by the strength of our diversified portfolio, while the other half was driven by the weakening of the US dollar.

Starting with Portfolio Receipts, we are expecting growth of around 6% to 12%, which reflects the momentum of our portfolio. This takes into account a range of scenarios for the launch of Alyftrek, the new Vertex triple, as well as for Promacta generics, biosimilar Tysabri and the impact of Medicare Part D redesign.

Milestones and other contractual receipts are expected to increase from $31 million in 2024 to approximately $60 million in 2025. Importantly, and consistent with our standard practice, this guidance is based on our portfolio as of today and does not take into account the benefit of any future royalty acquisitions.

For modeling purposes, we would remind you that several of our largest royalties, such as the CF franchise, Trelegy, Evrysdi and others are tiered royalties, which means they reset to a lower rate in the first quarter. As our Royalty Receipts lag reported product sales by the marketers by one quarter, this has the effect of decreasing royalties sequentially in the second quarter.

Given these dynamics, we are providing guidance for second quarter Portfolio Receipts, which we expect to be between $700 million and $725 million, representing growth of 15% to 19% compared to last year's second quarter.

Turning to expenses. Payments for operating and professional costs are expected to be approximately 10% of Portfolio Receipts in 2025. This reflects a combination of our efficient business model and the one-time fee I referred to earlier related to MorphoSys development funding bond sale. You should also note that our guidance for this line does not take into account the benefit of the internalization transaction. We will provide an update after it closes.

Interest paid in 2025 is expected to be around $260 million with de minimis amounts due in Q2 and Q4. This guidance does not take into account interest received on our cash balance which was $12 million in the first quarter. It also does not reflect the additional interest expense related to the internalization transaction.

Before handing the call to Pablo, given investor interest in the current macro environment, I would like to briefly comment on tariffs as it relates to our business. In short, we do not currently expect any meaningful impact on our royalties from tariffs as we would expect potential tariffs to be paid upstream of our royalty.

For example, when components of a pharmaceutical product are manufactured outside of the US, the non-US company typically sells to an affiliated US company. This sale or import into the US triggers the tariff. The affiliate of the marketer then sells the product to a third party.

Our royalties are calculated on the sale to the third party. As such, the tariff bearing import of the product occurs upstream of the royalty-bearing sale.

To close, we have had a great start to the year, and we expect to deliver another full year of strong financial performance in 2025. With that, I would like to turn the call over to Pablo.

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Thanks, Terry. Let me begin my concluding remarks by saying how pleased I am with our performance so far in 2025. We delivered double-digit growth. We strengthened our exciting development-stage pipeline and our dynamic capital allocation framework allowed us to buy back stock at an attractive price for our shareholders.

We also announced the acquisition of our external manager, which we expect to deliver multiple benefits for shareholders, and we're on track to close the transaction in the current quarter.

On my final slide, I want to share my excitement for our upcoming Investor Day on September 11 in New York City. My team and I are looking forward to providing an update on our plans to drive shareholder value creation through leveraging our unique business model and capabilities in the large and growing market for funding biopharma innovation. We think it's a compelling story, and we hope you will be able to join us.

With that, we will be happy to take your questions.

George Grofik - *Royalty Pharma PLC - Senior Vice President and Head of Investor Relations & Communications*

Thank you, Pablo, and we'll now open up the call to your questions. Operator, please take the first question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Chris Schott, JPMorgan.

Hardik Parikh - *JPMorgan Chase & Co - Analyst*

This is Hardik Parikh at JPMorgan for Chris Scott. Just wanted to ask about -- in terms of the investment environment and opportunities, how has the regulatory and kind of policy uncertainties of late kind of impacted the deal-making environment from your side in terms of the assets you consider or how you evaluate risk?

And then just a second part is -- just any kind of updates in terms of the Vertex Cystic Fibrosis portfolio negotiations in terms of the arbitration timelines?

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Chris, why don't you take the first one and then Terry can talk about the CF situation.

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Sure. Thanks for the question. The pipeline remains very robust. We -- as a reminder, we invested about $12 billion deployed since our IPO and we've announced transactions over $15 billion. And our in-depth reviews have gone up significantly since 2019, almost 150%. So the environment is very strong for alternative forms of capital, and that remains true through the first quarter. Obviously, there's a lot of policy uncertainty but that's not really impacting our opportunity set, and we think that's going to show through for the remainder of the year.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

And then on Vertex, there is -- we have no update at this time. And we continue to feel very strongly about our position that deuterated Kalydeco is the same as Kalydeco, but there is no update at this point on any potential arbitration.

Operator

Mike Nedelcovych, TD Cowen.

Michael Nedelcovych - *TD Cowen - Analyst*

I have one follow-up and then two questions. So my first follow-up actually relates to tariffs. It sounds like there's no way that the accounting for tariffs could directly affect the royalties owed to Royalty Pharma. But are you aware of any methods that pharma may use to offset tariffs that could impact royalties and maybe that would be either positive or negative?

And then my first question relates again to the policy environment. You noted policy uncertainty. It seems as though that could present a potential opportunity to Royalty Pharma, particularly in academia and non-profits as well. The need for alternative sources of funding has quickly become urgent. Is this an area where Royalty Pharma could step in, in a way it has in the past?

And then my last question is a product-related one on ecopipam. You laid out a very nice rationale and outlook for this agent in Tourette's. Given the opportunity, why do you think that this indication and possibly even this product is not being pursued by larger pharma companies, at least so far in any visible way?

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Sure. Thanks for the question. Maybe I'll start by just addressing your question about policy and how that might benefit Royalty Pharma. And then Terry will take the question on tariffs and Marshall, the question on Tourette's.

So with respect to policy, you're right in indicating that there is a significant concern about the proposed cuts to NIH funding. I think the Trump administration in the budget that was just released, I think, a week ago, is proposing a cut of about $20 billion from $47 billion to $27 billion.

I believe it's a negotiating position with Congress and that at the end, the cuts will not be that severe. I just came back from the Milken conference, and there was a lot of discussion at the conference openly and then in private rooms with the former Head of NIH and many university presidents and really trying to see how they're organizing to actually present a position to the government that really -- I think the message is the US has been the leader in medical research for many, many decades and reducing the investment in NIH is not good because we might end up ceding the leadership that the US has to other regions of the world, Europe and China. And in terms of the uncertainty in the markets and there's other aspects of that, that could be beneficial to us because, as we have noted in the past, the US biotech industry, a big part of the R&D ecosystem, which comprises about 8,000 companies worldwide, what we have highlighted is that there's about $1 trillion of capital required by the unprofitable biopharma, which are really the biotech, over the next decade to essentially move their pipelines along from Phase 1 to Phase 2, Phase 2 to Phase 3 and then approval. And of that $1 trillion number over the next decade, the next five years, we estimate that it's around $450 billion to $470 billion of capital that is needed. This part of the ecosystem, as you know, the biotechs are much more dependent on capital markets to fund the pipeline and it makes it more difficult in the current environment. So that obviously creates an attractive opportunity for Royalty Pharma to step in and provide the needed capital to these companies. And we're excited about that part of our business. As you know, the synthetic royalty part of our business, synthetics, which we invented over a decade ago, and it's been a large and growing part of our capital deployment. So I'll stop there and then ask Terry to talk about tariffs and Marshall about Tourette's.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Sure. So on tariffs, as I mentioned in our prepared remarks, we're in the fortunate position where we do not expect much of an impact at all on any potential tariffs just as a result of how the supply chain typically works.

In terms of tools that pharma would use, potential tools to offset tariffs, it's really tough for us to speculate at this time. And so I think it's just early days there. But overall, we feel very good about our business and our ability to kind of have minimal impact from tariffs.

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research and Investments*

And Mike, on just quickly on your question on Tourette's. I think taking a step back, this is -- this investment on the potential opportunity here, I think, is highlights one of the strengths of our model, which is the ability to identify underappreciated or potentially overlooked and underserved markets like a Tourette syndrome. And I think it brings together the breadth of our platform, our ability to really dig in and do proprietary analytics to gain conviction in the market opportunity because it hasn't, to your point, enjoyed the focus of much of the biopharma industry. So we think this is exciting, and I'm proud of the work we did here and look forward to finding more of these in the future.

Operator

Terence Flynn, Morgan Stanley.

Terence Flynn - *Morgan Stanley - Analyst*

Great. Two product ones for me. Obviously, it's still early days on the Alyftrek launch. But Terry, you mentioned that your guidance contemplates a range of scenarios. So just wondering where this initial quarter falls relative to your expectations, if you could elaborate at all there.

And then the second one is Camzyos received a less restrictive REMS from the FDA, as I know you're aware. Just thoughts on that ahead of an aficamten FDA decision and launch there and how important it is or maybe less important now in terms of differentiation on the REMS side as you guys thought about the opportunity for aficamten.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Sure. So on Alyftrek, it's still very early days here. And we've obviously been following it closely. We looked at a number of different scenarios when we were thinking about this year and also the long term. But I think the big picture is for us is that we continue to expect under any outcome related to royalty rates that the Vertex CF franchise will continue to be a major contributor to our top line over the long term. And I think that's a function of the amazing data, the amazing experience that patients have had with Trikafta and the strength of that product and brand. And I think that no matter what happens, we continue to feel really good about our position on the CF franchise.

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research and Investments*

Terence, quickly on the aficamten opportunity. So I think, first of all, just to start at the top. We remain really excited about the potential for aficamten and are really happy to have it as a part of the portfolio. Specifically on the REMS updates, when we first looked at this, it was always a scenario we contemplated even a potentially likely scenario that REMS in this space would evolve as sort of the market got and regulators got more experience with the safety profile. Through our investments over the years, we've seen multiple precedents or precedent of that happening sometimes faster or sometimes slower. So we always anticipated that was certainly a possibility. So our -- and so what that meant was our core thesis and view was that we thought the HCM, hypertrophic cardiomyopathy market was big and certainly had more than enough room for two products, and we still really like aficamten's profile and think the Cytokinetics team is going to do a great job with it.

Operator

Geoff Meacham, Citi.

Geoff Meacham - *Citigroup, Inc. - Analyst*

Just had a couple. Terry or Pablo, when you look at slide 16, share repurchases were pretty impactful to the stock, and it was a big use of cash. So I guess the question is, can you talk about where you are in the cycle on capital deployment? I know you can do both new deals and buybacks, but what informs the decision to go big on one versus the other?

And then a second question for Marshall. And I know we always ask about how your process, your diligence process evolves for royalty deals. It does seem like you've gone after of late, more first-in-class, unmet need, more novel mechanisms, especially with the two you've highlighted today, but is that an intention, I think, to the portfolio going forward.

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Yes. So thanks for the question. I'll actually ask Terry to take the question on capital allocation and then Marshall on --

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Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes, Geoff. So on capital allocation and share repurchases. As we've mentioned, it's dynamic. And so we were really happy to buy back as much of our stock as we did in the first quarter at what we think are really attractive prices. And I think over time, we'll continue to look at the relative share price relative to intrinsic value and also relative to the royalty opportunities and it will continue to be dynamic. I think over time, if we continue to operate in the upper left quadrant, which was on slide 17, I think it will be a balanced approach. And we have luckily, a lot of financial capacity to do both share repurchases and royalty acquisitions and if we think that, that is going to be driving the most value for shareholders, that's the strategy that we'll pursue there.

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research and Investments*

And Geoff, on the second part of your question. So overall, no change in our approach. And I think you've heard us talk before that our core process is looking for products to add to the portfolio that bring benefits to patients, to physicians, to the system in some way. And I think we try to be flexible in our thinking about how products, how we can meet that definition. So certainly, first-in-class is something that is important, and we certainly like to invest in first-in-class products, but that core discipline of things that bring together both great science, great benefit for patients and being with a team that can maximize the value will continue to drive our investments. And so I think we've talked about a few with the profile that you mentioned lately, but I think overall, our core approach remains the same.

Operator

Jason Gerberry, Bank of America Securities.

Jason Gerberry - *BofA Securities, Inc. - Analyst*

Two for me. Just on ecopipam, I'm wondering if you can contextualize a little bit the clinical benefit in this group of patients. And do you see parallels at all to this market opportunity and say, tardive dyskinesia, another movement disorder? I know that at one point, the VMAT2 inhibitors are being developed for Tourette's. And just wondering, generally speaking, how to think about adoption rates and pricing at a high level if you think that TD might be a good market comp?

And then on the Vertex issue. My question is really, is there any amount of time that transpires that if you did not take action, then you forgo ability to bring a claim through dispute resolution. I'm just wondering if there's any timeline on that?

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Marshall, why don't you take the Tourette's question and Terry, the CF question?

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research and Investments*

Sure. So Jason, thanks for the question. I think overall, the way I would think about it is that this is a market that, as we mentioned in the prepared remarks, hasn't seen new innovation in a very long time. And the options that are available to both adults and parents of children with Tourette's are either very old drugs or antipsychotics that were repurposed for treating Tourette's as well. So I think there is a lot of interest in this space and amongst physicians and patients and parents for new options here.

The TD market is certainly an interesting one. I think maybe an example of one where a new treatment option can lead to the growth and focus on it and investment in it can lead to the growth of what ultimately ends up being a significant commercial opportunity. So we certainly think that's an interesting one to think about. I won't comment on pricing, that's certainly something for the Emalex team to ultimately make a decision on, but we're certainly excited about this.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

And then, Jason, on your other question, we can't comment on the timing of any potential dispute with Vertex.

Operator

I'm showing no further questions. I'd like to turn the call back over to Pablo for closing remarks.

Pablo Legorreta - *Royalty Pharma PLC - Chairman of the Board, Chief Executive Officer*

Thank you, operator, and thank you to everyone on the call for your continued interest in Royalty Pharma. If you have any follow-up questions, please feel free to reach out to George. Thanks, everyone.

Operator

Thank you for your participation. This does conclude the program, and you may now disconnect. Everyone, have a great day.
