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Thinking about discussing a health/pharma approach w the MEERAS team. Right now they are mostly in real estate which is fine and has served them well in the past but seems to be slowing down a bit.

Here is the data I used to compare those two:

- Ishares US pharma ETF: 3-yr return 6.13%, 5-yr return 14.03%, 10-yr return 12.33% <https://www.ishares.com/us/products/239519/ishares-us-pharmaceuticals-etf>
- Ishares US real estate ETF: 3-yr return 7.80%, 5-yr return 8.69%, 10-yr return 4.69% <https://www.ishares.com/us/products/239520/ishares-us-real-estate-etf>

So pharma (healthcare) clearly the more lucrative trend in the last 5-10 years, in support of a proposal to see if they might experiment in health/pharma... of course not apples-for-apples, as there are different risk factors. Real estate is linked to financial system risk and consumer leverage. Pharma is linked to regulatory risk and science.

Here's how I'm thinking about it

The reason it might make sense to look at those indices is that an investor might split things the following way

- Negotiate a bulk price on (health) supplies for the next 5 years
 - Participate in the research pipeline upside by buying the pharma stock
- This is the least-effort way of executing a pharma strategy for a SWF. Things get more complicated (though potentially more lucrative) when, rather than buying the stock the investor wants exposure to just a certain part of the pipeline (e.g., that linked to obesity). Three main options, none of them easy
- 1) The pharma needs to issue special tracking stocks for the investor linked to the pipeline – they don't really like doing that as it comes with issuance fees and compliance overhead,

- 2) The pharmaco commit to a revenue/profit share on part of their business – usually as a JV in return for an upfront investment, and easier to execute... but pharmacos are probably not capital constrained at this point of the cycle,
- 3) The investor needs to buy pharmaco stock (full portfolio including the obesity pipeline) and go short that of other players which don't have obesity pipeline. This is usually costly and very imperfect, as the long-short needs to be constantly rebalanced and maintained in case the other players change their business mix.

Without the bespoke pipeline participation, the rational strategy for a SWF is to try and negotiate hard on 5-year supply... and if that goes nowhere, wait until patents expire and buy generics (and maybe buy pharmaco stock, maybe not, depending on how they think this conflictual strategy affects pharmaco global revenues/valuation). This might entice pharmaco towards 1) or 2) above, which they normally wouldn't do. The game is then to minimize overhead for the pharmaco... for example, but striking a deal with all GCC countries rather than just Dubai (of course, Qatar might not be in at this particular point in history).

GCC countries have some 50m people and \$1.6tr GDP, which makes them comparable as a market for a pharmaco to Italy or South Korea... maybe slightly more attractive, given demographic projections and disease profiles. But worth keeping in mind for the negotiating position vis-à-vis a multinational pharmaco.

Currently their health care costs are rising like crazy - in a very few predictable segments. Might be able to contain.

Don't know what do you think