

THEMATIC INSIGHT

Virology

A therapeutic science transformed by biotechnology



Contents

04 What is a Virus?

- 06 What is Virology?
- 07 What are Vaccines and Anti-Virals?
- 10 New Technologies
- 13 Unmet need and the research landscape



What is a Virus?

A virus is a tiny, infectious particle that can reproduce only by infecting a host cell. Viruses "commandeer" the host cell and use its resources to make more viruses: "reprogramming" it to become a virus factory. Because they can't reproduce by themselves, viruses are not considered living. Neither do viruses have cells. They're much smaller than the cells of living things and are essentially just little packages of nucleic acid and proteins.

However, viruses do share some important features with cellbased life. For example, they have nucleic acid genomes based on the same kind of genetic code that is used in human cells and the cells of all living creatures. And just like cell-based life, viruses undergo genetic variation and can therefore evolve.

All viruses have genetic material made of nucleic acid. Cellbased life use DNA as their genetic material. Viruses can use either RNA or DNA. Today, DNA sequencing is used to identify and track the evolution of viruses. This has been evident to the public over the last two years with the tracking of the lettered "variants of concern" for COVID-19 with their different infectivities and severities.¹

Viruses have receptors that allow them to attach to healthy (host) cells in the body. Once a virus attaches to and then enters a host cell, it can replicate (that is, make copies of itself). The host cell will die and then the virus can infect other healthy cells.

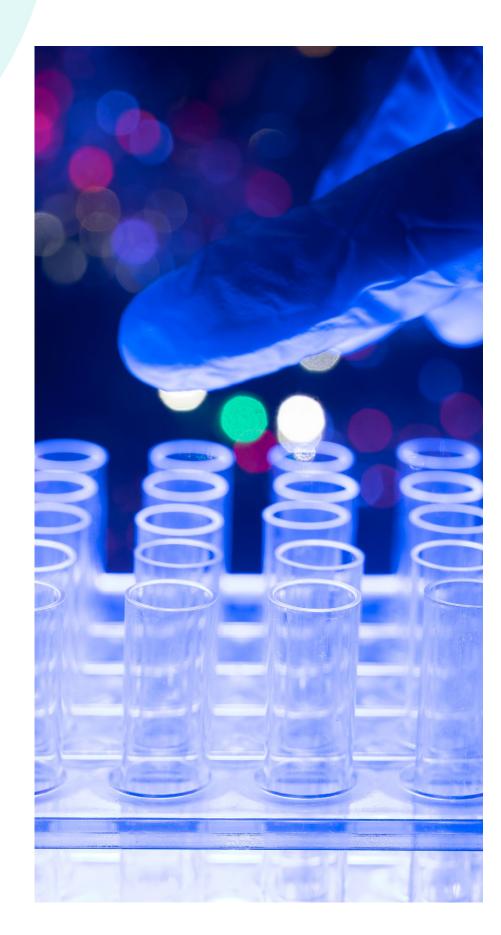


Exhibit 1:

Source: GAO-21-426SP, Science & Tech Spotlight: Genomic Sequencing of Infectious Pathogens

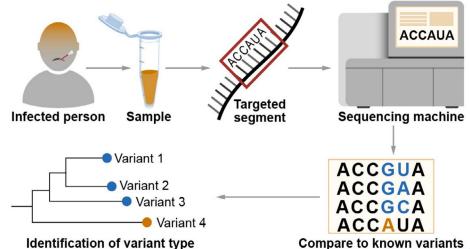
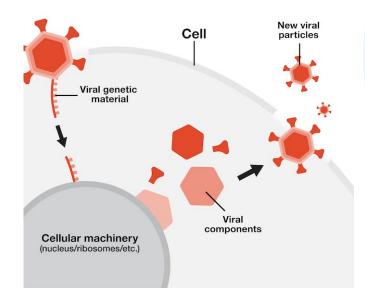


Exhibit 2: How do viruses infect living organisms



Use of genomic sequencing in the identification of infectious pathogen variants. A, C, G, and U represent letters of the genetic code

Source: National Human Genome Research Institute: Genomics and Virology (genome.gov)

See, for example, Tracking SARS-CoV-2 variants - WHO or COG-UK and the sequencing of COVID-19

What is Virology?

Virology is the biology of viruses, virus-like agents and the associated diseases. It's a branch of microbiology that encompasses the structure of viruses, their classification and how they evolve. It includes the ways they infect and exploit host cells for reproduction, as well as their interactions with a host's physiology and immune systems. It also includes the diseases they cause, the techniques used to study them and the use of viruses in research and in therapies.²

2 https://www.niaid.nih.gov/diseases-conditions and https://www.nature.com/subjects/virology



What are Vaccines and Anti-Virals?

Anti-infectives is a general term used to describe any medicine that can inhibit the spread of an infectious organism or can kill the infectious organism outright. This term encompasses drug classes including antibacterials, anti-fungals, anti-parasitics, anti-virals and vaccines.

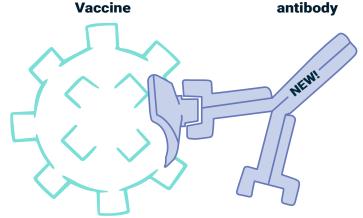
Vaccines are preparations used to prevent or mitigate the risk of infections. They are designed to induce a protective immune response in the body against, say, the virus represented in the vaccine. Once vaccinated, the immune system of the body produces a tailored response, consisting of specific T cells and specific antibodies that can help fight off the infection when exposure to the live virus occurs at a later stage. More importantly, vaccination also leads to the creation of a specific immunological "memory" against the viruses that each one is attempting to prevent. Upon contact with the virus at a later stage, the immune system can mount a specific response much more rapidly than an immune system of a person that hasn't been "primed" in the same way.

Exhibit 3:

off future infections

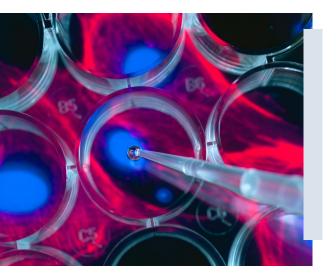
Source: World Health Organization





Vaccines teach the immune system how to recognize pathogens, helping to fend

New







It's been estimated that, ballpark, there exist 10 to the 31st power individual viruses on our planet!³ Arguably, this makes viruses the most abundant "life" form on Earth. Human beings only manage to live in this virus-filled world, relatively free of illness, because these pathogens are very picky about the cells they infect, and only the tiniest fraction of them pose any threat. Of course, when they do, the impact can be guite terrible: from the plague of Justinian (a bubonic plague which killed half of Europe from 541 to 700) to the Black Death (which killed more than 75 million in Eurasia in the second half of the 14th century). Smallpox has been estimated to have killed 300-500 million in the 20th century alone until its eradication by vaccination.⁴ The Spanish Flu infected a third of the global population in two years and likely caused 50 million deaths⁵ while the HIV/AIDS virus and COVID-19 are two of the present viral risks.6

Of course, many common viruses now have vaccines available that help prevent or mitigate the disease that each causes.⁷ Diseases caused by viruses including Measles, Hepatitis A and B, Diphtheria, Polio, and Chicken Pox have effective vaccines, often given during childhood, with lifelong efficacy. In fact, fatal or highly debilitating infectious diseases including Smallpox, Rinderpest, Polio, Measles, Mumps, Rubella and Cysticercosis have been or could be eradicated thanks to effective vaccinations.

Sadly, viruses without vaccines (and with for that matter) still cause death and debilitation worldwide. Communicable diseases including Chagas disease, Cytomegalovirus, HIV/AIDS, Hookworm infection and Leishmaniasis continue to be responsible for deaths around the world accounting for an estimated 26% of deaths globally in 2019.8

Anti-virals are drugs that can help treat people who have already been infected by a virus to reduce the severity of symptoms or the length of the infection. They also can be used to prevent or limit infection when given before or shortly after exposure but before illness occurs.

A key difference compared with vaccines is that current antiviral drugs are effective only when administered within a certain time frame before or after exposure and are effective during the time that the drug is being administered. Unlike vaccines that can prevent infection, antivirals act as a second line of defence, slowing down and eventually arresting progression of a disease when an infection occurs. They are also important when effective vaccines aren't available against viral diseases, for example for HIV, hepatitis C and herpes. Anti-biotics, another class of medicine, interfere with the reproduction of bacteria and are only useful for treating bacterial infections, not viral infections.

Viruses that do not resolve themselves may also require antiviral medications. Chronic or life-threatening viral infections, including COVID-19, Ebola, influenza, genital herpes, hepatitis B and C, and HIV, can all be treated with anti-viral medications. These block receptors so that the viruses cannot bind to and enter healthy cells, boost the immune system to help fight off the infection and overall lower the viral load in the body.

8 Global health estimates: Leading causes of death (who.int)

https://www.who.int/news-room/questions-and-answers/item/vaccines-and-immunization-what-is-vaccination

The Deadliest Flu: The Complete Story of the Discovery and Reconstruction of the 1918 Pandemic Virus | Pandemic Influenza (Flu) | CDC

⁶ https://www.visualcapitalist.com/history-of-pandemics-deadliest/

New Technologies

Next-generation sequencing (NGS) and messenger RNA (mRNA) vaccines are two key technologies that have transformed the level of scientific activity and "speed to prototype" in developing new vaccines and anti-virals. This acceleration played out in public view over the last 2 years as the COVID-19 pandemic sparked a worldwide effort to develop working vaccines and treatments safely and at speed.

Vaccine development has historically been a long and complex process, often lasting 10-15 years and involving a combination of public and private investment. Vaccines are developed, tested, and regulated in, if anything, a stricter way than other drugs. Vaccines may be even more cautiously evaluated than non-vaccine drugs because the number of human subjects involved in vaccine clinical trials is usually orders of magnitude greater. Moreover, post-licensure monitoring of vaccines is rigorous globally, whether by the CDC, the FDA, the EMA or another regulator.

As a cautionary example, the very first vaccine for Malaria, despite relatively modest efficacy, was just recommended by the WHO in October 2021, more than 130 years after scientists first identified the parasite and its complex lifecycle that causes the disease.⁹ The rapid progress on COVID vaccines in comparison relied on a series of key advantages. First, the relative simplicity of the infective agent (the targeting of the "spike protein") and second, the "plug and play" capabilities of the new technologies and the degree of preparedness of global research groups (mRNA, adenovirusbased, etc), especially following the 2014 Ebola and the SARS/MERS epidemics. In addition, the global pandemic crisis meant that the available research dollars were huge, the degree of collaboration as well as the ability to recruit for trials and run them sequentially was unprecedented, and the regulatory approvals process was prioritized.¹⁰

During global disease outbreaks, scientists have long used genotyping tools to understand pathogens and track genetic changes. This is the process of determining differences in the genetic make-up of an individual by comparing it to a reference sequence. But in recent years, as the sequencing technology has become faster and more affordable, researchers have been able to generate population-level data on pathogen genomes that may be used to help develop more effective vaccines and treatments.

Genome sequencing has also facilitated, for the sequencing data helps ensure the vaccine has the first time, the ability to investigate the mechanisms most up-to-date coverage of different strains. that really underpin pathogenesis, that is, the In addition to leveraging NGS technology, the manner of development of a disease. Genomics, mRNA vaccines could be brought to market transcriptomics, metabolomics, structural guickly in the COVID pandemic as they can be genomics, proteomics and immunomics are being made more easily and faster than traditional exploited to perfect the identification of targets, to vaccines and in smaller, less specialized design new vaccines and drugs, and to predict their laboratories. Messenger RNA (mRNA) is the effects in patients. Furthermore, human genomics molecule that carries genetic information around and related studies are providing insights into our cells, copying it from DNA and acting as a aspects of host biology that are important in the template from which proteins are assembled. It is study of infectious diseases. This ever-growing also what the genome of many viruses - including body of genomic data and novel genome-based coronaviruses – is made of, mRNA vaccines are approaches are critical to the timely development chemically synthesized without the need for cells of vaccines and of therapeutics to control or pathogens and carry the information that allows emerging infectious diseases. our own cells to make the pathogen's proteins or When selecting the antigens¹¹ to include in a protein fragments themselves. Importantly, mRNA vaccines only carry the information to make a small part of a pathogen. From this information, it is not possible for our cells to make the whole pathogen.

vaccine, scientists typically monitor the most prevalent circulating strains of a disease in order to improve the chances of developing an effective vaccine formulation. Vaccination works by presenting a whole virus, or pieces of it, to the immune system in a way that avoids triggering a full-blown infection. (mRNA vaccines induce cells to produce a protein important in the virus structure to induce the same effect.) This triggers the body to produce antibodies specific to the virus so that the body is primed to act immediately if it were to encounter the real virus in the future. The advent of massively parallel nextgeneration sequencing (NGS) and the ability to quickly sequence and analyse DNA and RNA has helped advance the understanding of the genetics behind vaccine response and subsequent vaccine development research. Using whole-genome

The idea for this type of vaccine has been around since the 1990s but it did not become possible to make synthetic RNA that did not trigger an unwanted immune reaction until 2008. The first human trial of any mRNA vaccine was in 2013, and the COVID-19 pandemic saw their first authorized use for human use.¹²

msci.com 11

⁹ https://www.who.int/news/item/06-10-2021-who-recommendsgroundbreaking-malaria-vaccine-for-children-at-risk

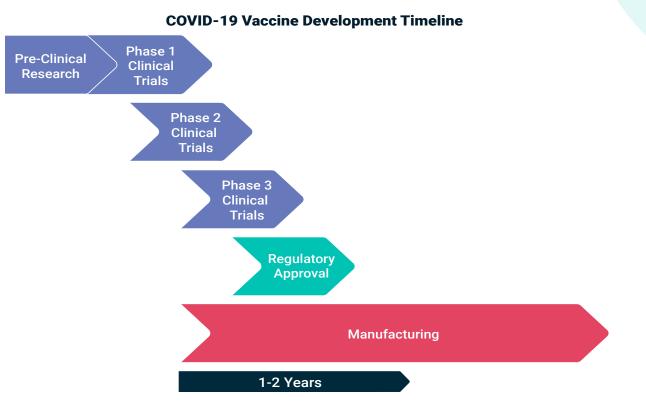
¹⁰ https://www.bbc.co.uk/news/health-55041371.amp

¹¹ That is, the foreign substance which induces an immune response in the body

¹² https://publichealth.jhu.edu/2021/the-long-history-of-mrna-vaccines

The Covid-19 vaccine became available less than a year into the pandemic. Vaccine development usually takes 10 to 15 years, but thanks to a number of factors including the acknowledgement that Covid-19 was a serious concern, a widespread collaboration between scientists and medical experts around the world, government funding, availability of research volunteers, manufacturing vaccine at risk before agency approval, and moving through the approval process in parallel rather than serial steps, this timeline was greatly reduced.

Exhibit 4: How Covid-19 Vaccines Were Able to be Developed So Quickly Source: Royalty Pharma **Traditional Vaccine Development Timeline** Phase 2 Phase 3 Phase 1 **Pre-Clinical** Regulatory Clinical Clinical Clinical Manufacturing Research Approval Trials Trials Trials 10-15 Years



Unmet need and the research landscape

Despite modern tools and the improved understanding of biology, there still exists a significant unmet need for vaccines and antivirals.

The vaccine successes against Covid have been a remarkable scientific achievement but it remains essential to pursue antiviral drug development alongside vaccines. In most cases, there will likely remain a lag between the outbreak of a new epidemic or pandemic and the delivery of an effective vaccine. During that delay, antiviral drugs can serve as primary tools to keep vulnerable groups safe and for patient care.¹³ The impact of the Omicron variant of the COVID-19 virus is a clear illustration of how viruses can evolve to become more transmissible and harder to contain.

Moreover, in cases where effective vaccines have been so far challenging to create — such as HIV, the virus that causes AIDS and HCV, the virus that causes hepatitis C — antiviral drugs are a cornerstone of the therapeutic protocols. Infectious processes can also play important roles in other diseases such as autoimmune or neurodegenerative disorders. For instance, recent studies have suggested that Epstein-Barr Virus infections can interact with the host immune system to predispose an individual to develop multiple sclerosis. This and other recent advances further enhance the size of the opportunity at play here.

Respiratory failure due to COVID-19 caused widespread mortality, especially in 2020, creating an urgent need for effective treatments and a long-term need for antivirals for future emergent coronavirus pandemics. An effective antiviral that has broad activity against coronaviruses would decrease the impact of future emerging coronaviruses by preventing deaths and slowing viral transmission while public health measures are put into place and vaccines are developed.

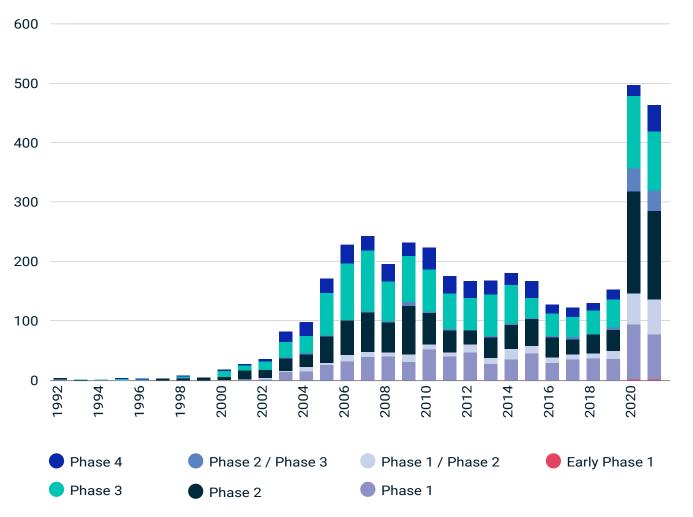
13 https://hbr.org/2021/02/we-need-to-start-investing-in-antiviral-drugs-for-thenext-pandemic Ironically, the pandemic that brought such focus to vaccine development, has also led to outbreaks of viruses that were almost eradicated because of the disruption of preventive health services including routine childhood immunizations. For example, in 2022, Polio has reemerged in Malawi for the first time in over 30 years¹⁴, and several cases of monkey pox have been identified in an outbreak in the UK¹⁵ that has already seemingly

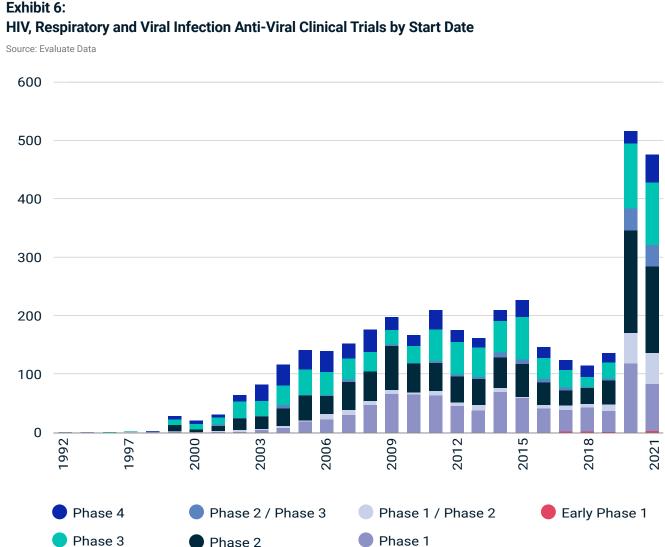
spilled across the Atlantic.¹⁶ All told, research in vaccines and antivirals now has a renewed sense of urgency, and one that will need to be central part of public policy for governments worldwide.

- 14 https://www.politico.com/newsletters/politico-nightly/2022/03/28/poliosback-blame-covid-00020977
- 15 UK monkeypox outbreak 'unprecedented' as officials say sexual contact likely route of transmission (yahoo.com)
- 16 Monkeypox: CDC and Massachusetts health officials investigating a case CNN

Exhibit 5: HIV, Respiratory and Viral Infection Vaccine Clinical Trials by Start Date

Source: Evaluate Data





MSCI would like to thank **Royalty Pharma for useful** discussions and insightful analysis of this megatrend which have greatly facilitated the preparation of this document.



Contact us

clientservice@msci.com

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
	+ 52 81 1253 4020
Monterrey New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
São Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Ca

Fra

Ge Lor

Mil Pa

pe Town	+ 27 21 673 0100+
inkfurt	49 69 133 859 00
neva	+ 41 22 817 9777
ndon	+ 44 20 7618 2222
an	+ 39 02 5849 0415
ris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Thailand	0018 0015 6207 7181 '
Tokyo	+ 81 3 5290 1555

* = toll free

About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit www.msci.com

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from MSCI. The Information may not be used to verify or correct other data, to create indexes, risk models, or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information or MSCI index or other product or service constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy. Further, none of the Information or any MSCI index is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF MSCI INC. OR ANY OF ITS SUBSIDIARIES OR ITS OR THEIR DIRECT OR INDIRECT SUPPLIERS OR ANY THIRD PARTY INVOLVED IN THE MAKING OR COMPILING OF THE INFORMATION (EACH, AN "MSCI PARTY") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH MSCI PARTY HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR ANY OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: https://www.msci.com/index-regulation.