

Overall Winner

Best Investing Solution

Takeda Pharmaceutical Company

Miho Kumazawa, Lead Treasury Operations APAC and Japan
Takayuki Enoki, Manager Treasury Operations APAC and Japan



Takeda Pharmaceutical Company is a Japanese multinational pharmaceutical company. It is the largest pharmaceutical company in Asia and one of the top ten largest pharmaceutical companies in the world by revenue.

Negative yields not all they appear as Takeda demonstrates



Miho Kumazawa, Lead Treasury Operations APAC and Japan and Takayuki Enoki, Manager Treasury Operations APAC and Japan

The challenge

Over the last two and half years, Takeda has centralised more than 80% of its global cash to Japan HQ by connecting Europe, the US, and other key countries including China to the global cash pool. Once pooled, the company's next priority was to invest cash in safe and liquid investment vehicles with minimal credit risk.

The company decided to hold its excess cash in 100% government funds, even though for JPY and EUR, these funds currently come with a negative yield, over bank placings that can have a better yield. Before discussing the mechanics of the new short-term investment solution, the company needed to answer the obvious question 'Why are we willing to accept negative interest for such funds since keeping cash in banks would offer a better rate of return?'

"Our answer lies in the hidden implicit cost of credit risk one incurs when placing funds at a bank. Bank credit risks can be measured by their credit default swap (CDS) spreads which have been volatile under the COVID-19 pandemic: ~40bps for Japanese banks and ~83bps for European banks. After adjusting for such credit costs, and thus on a risk adjusted basis, government funds often fare better than bank placements," explains Miho Kumazawa, Lead Treasury Operations APAC and Japan.

It was challenging to find JPY and EUR government money market funds (MMFs) in Japan due to their negative yields. Japanese investors seemingly prioritise yield over credit risk. As a result, the JPY MMF market

has completely vanished since 2016 when negative interest rate policy was introduced by Bank of Japan. While the EUR MMF market has existed in Luxembourg, Ireland and Germany with a limited fund size (EUR 891MM in total as of May 2021), those funds are for the European market, and not available for Japanese companies to invest in from Japan.

The solution

Takeda therefore decided to work in partnership with Amundi Japan, a fund provider and a trust company to design and create new short-term investments made up of JPY and EUR government bonds, tailored mainly for Takeda.

Best practice and innovation

For JPY, the company created a new Japan Government Bond (JGB) JPY short-term fund in Equity Investment Trust which could accommodate negative JGB interest rates. As Japanese MMF products are based on constant net asset value structure, they also needed to create a new investment strategy which could manage variable net asset values. For EUR investments, they similarly established new MMF comprising EUR Treasuries issued by France, Germany, and Belgium. Both funds are the very first products of their kind in Japan. Average all-in interest cost for the new funds were better than banks' CDS spread; 16.5bps for JPY and 71bps for EUR. For EUR case, it's ~9bps less costly comparing to keeping funds in banks.

Overall Winner

Best Investing Solution

Takeda Pharmaceutical Company

Miho Kumazawa, Lead Treasury Operations APAC and Japan
Takayuki Enoki, Manager Treasury Operations APAC and Japan

From a liquidity perspective the news is also favourable. There is minimal time lag between trading and cash settlement date (same day value or T+1). By connecting the newly created funds to the cash pool header, investment and redemption operations were smoother and integrated with the daily cash management process and the TMS. Finally, the company can automate the accounting entries from the TMS to ERP (SAP) end-to-end, which makes short-term investment management seamless.

One unexpected key benefit of the new funds is that Takeda can select investment and redemption dates

flexibly based on its liquidity situation unlike direct purchase of EUR Treasuries or JGB which has fixed starting and maturity dates.

Key benefits

- Reduced credit risk exposure.
- Changed from fixed to open tenor.
- Reduced counterparty exposure.
- Natural hedged EUR exposure and saved FX costs.



Takeda Pharmaceutical Company Limited, a leading global company, has decided to manage its global cash management from its Japan headquarters, connecting its Europe, US and Asia operations. To achieve this global cash management set-up and develop best practices, Takeda has appointed leading financial counterparties.

A long-standing leader in the European treasury management market, Amundi has extended its savoir-faire to investors across Europe and around the world. Amundi was able to develop within a short-period of time well-adapted solutions to meet Takeda Pharmaceutical Company's needs and requirements and invest its EURO and JPY cash efficiently.

Sandrine Rougeron, Head of Liquidity Solutions Sales, Amundi Asset Management



Masayuki Omura, Director, Liquidity Solutions Sales, Institutional Business Division, Amundi Japan Ltd

in partnership with



Citi is Takeda's core cash management bank, supporting clients' global liquidity management through multi-currency notional pooling headered in Tokyo. Over the last two and half years, Takeda has centralised more than 80% of its global cash to Japan HQ by connecting Europe, the US and other key countries including China to the global cash pool. The company's next priority was to achieve efficient investment to liquid and minimal counterparty risk products from the pool header. By close coordination with Takeda and the leading Asset Management Company, Citi has provided a seamless funds flow for EUR and JPY investment and redemption which enables efficient daily cash management operations for Takeda.

Yutaka Naito, Regional Sales Head, Japan, Treasury and Trade Solutions, Citi

in partnership with

