

# Northern Re Announces Asset Management Partnership with Jaffa Capital Management

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/EINPresswire.com/ -- Northern Re ("Northern"), a leading reinsurance firm focused on long-tail casualty business, announced a strategic alliance with Jaffa Capital Management, LLC ("Jaffa"), an insurance and reinsurance investment manager. This partnership provides Northern with Jaffa's superior expertise in fixed income, guided by Founder and Chief Investment Officer Mark Zarkhin and cofounder Nathan Lord, who together have a combined 40 years of investing and insurance experience.

Northern's Insurance Linked Security strategy produces premium and collateral assets which can be invested within the confines of reinsurance trusts. These trusts dictate the types of eligible investments which the assets can be allocated towards, mirroring similar principles to those of an insurance company balance sheet. Through the collaboration with Jaffa, Northern's trust assets significantly over-performed relevant fixed income indices in 2023 and are trending similarly through H1 2024.

"As we approach premiums and collaterals in our trusts of \$200 million in 2024, our focus remains on utilizing liquid, low-risk assets while minimizing downside in the portfolio. Jaffa actively manages our trusts such that we are properly hedged against macro concerns like inflation or duration risk," said cofounder Anthony McKelvy, "It has become clear that insurance



carriers prefer cash over Letters of Credit as a form of collateralization. Our partnership with Jaffa further strengthens this value proposition to our counterparties while generating alpha."

"Partnering with Northern aligns perfectly with our mission to harness fixed income mandates for robust asset growth within re/insurance companies," said Mark Zarkhin, Jaffa's CIO. "Their market position and dedication to liquidity management makes Northern an ideal partner for achieving sustainable returns through our strategies."

Zarkhin formerly served as the head of proprietary securitized products trading business at Citi, where he worked from 2004 to 2014, and a senior portfolio manager at Millennium from 2014 until 2022.

Jaffa works to generate extra return per unit of risk in highly rated fixed income while avoiding heavy exposures to credit, economic cycle, and real estate. "We believe that active portfolio management is key to delivering better results, which we strive to achieve by offering custom solutions for asset-liability risk management and decorrelation. This is paired with our firm's specialized skill set that enables us to offset an insurance portfolio's exposure to macroeconomic factors such as inflation and economic cycles." Said cofounder Nathan Lord.

Northern's investment philosophy emphasizes steady, low-risk yield, with assets that correlate to the duration of their liabilities. "It's very rare that re/insurers would have access to asset managers with the Jaffa team's track record. We're fortunate to work with Jaffa and are excited about the long-term benefits of this relationship." said Peter McKelvy, Managing Partner of Northern Re.

#### About Northern

A modern reinsurance company with a focus on data-driven portfolios of property and casualty risk. The company thesis is built around combining deep industry ties, a sustainable capital structure and a partner-first approach to collateral. These elements enable Northern to deliver a more effective solution to the industry. Northern structures solutions with investors to provide them with exposure to Insurance Linked Securities in a highly efficient manner.

#### About Jaffa Capital

Jaffa Capital Management, LLC works with insurance companies to help them tap the potential of their balance sheets, optimize their returns and risk-based capital treatment, allowing insurers to focus on their core competency and grow their books of business. With deep fixed income and insurance expertise, Jaffa's asset management brings experience in running a proprietary trading business and hedge fund fixed income teams. Their specialty in capital-friendly, highly rated securities arbitrage, and relative value generation fuels their belief that risk reduction and profit optimization can be synonymous.

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