

Quant Pro's Growth Plays Pay Off

Quantitative-investment veteran **Robert Zuccaro** has been producing standout results amid his return to hedge fund management.

Working through his **Target QR Strategies**, Zuccaro started trading a vehicle called Golden Eagle Growth Fund on May 1. The entity finished the year up 121.1%, versus a 30.5% return for the S&P 500 Total Return Index over the same period.

The results are likely to create a tailwind for Target QR's marketing efforts. The firm's fund, with \$46 million under management, so far has been running mostly proprietary money. But a capital-raising push that began in the fourth quarter has led to inquiries from potential limited partners, including some large family offices.

Indications are those conversations have yet to reach the commitment stage.

Zuccaro, who started creating quantitative algorithms in 1977 at **Axe-Houghton Management**, employs a systematic stock-picking strategy focused on aggressive growth plays. The long-only approach hinges on concentrated, momentum-based trades in which Target QR turns over positions often, with the firm zeroing in on shares of mid- and large-cap U.S. companies with annual profit increases of at least 30%.

Zuccaro has found that a stock that hits its price pinnacle will reach another high in almost every instance. He sells any stocks that don't hit new highs in 90 days.

Some of Target QR's winning bets have involved health-care-company shares. Those positions likely contributed to a 26.3% gain for the Delray Beach, Fla., firm in November, a month that saw the S&P jump 10.9% as the first coronavirus vaccine approval in the U.S. propelled the stock market to record highs.

Zuccaro went on to gain 11.2% in December. His only down months so far have been September (minus-2.1%) and October (minus-2.5%).

Target QR charges fees equal to 1% of assets and 15% of profits.

Upon exiting Axe-Houghton in 1983, Zuccaro started a firm called **Target Investors** that at its peak managed \$1.6 billion for a range of institutional investors. But he unwound that operation in 2005, marking the last time until now that he ran money



for outside clients.

Target QR Strategies, meanwhile, formed in 2013. The firm initially ran Zuccaro's family money as he tweaked his algorithms and researched movements in stock prices. That research informs Golden Eagle Growth Fund's approach.

Zuccaro's son, **Marc Zuccaro**, oversees marketing. He also holds the title of chief operating officer and contributes to investment research. In recent weeks, he has been talking to consultants about improvements to Target QR's operations that could include the hiring of at least one back-office professional should the firm's assets continue to grow.

Marc Zuccaro previously held senior electronic-trading positions at investment banks including **RBC Capital**. ❖