



Student Investment Funds

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1/23/2026

Agenda

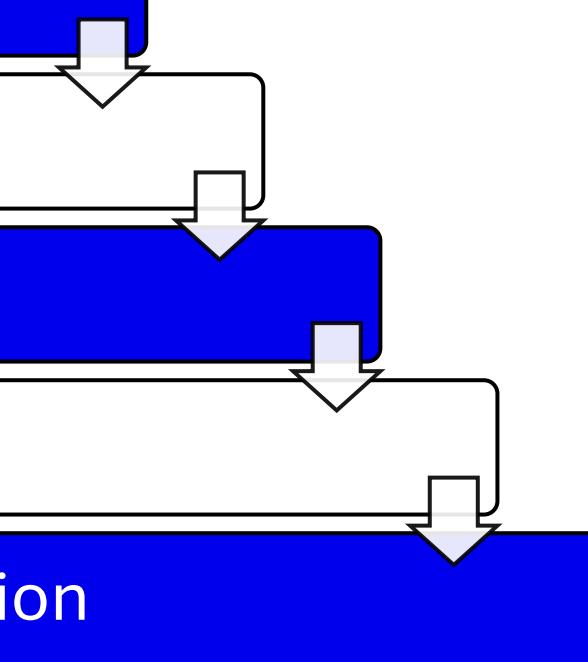
Company Overview

Industry Overview

Valuations

Portfolio Changes

Final Recommendation



Recommendation: Buy SiriusXM

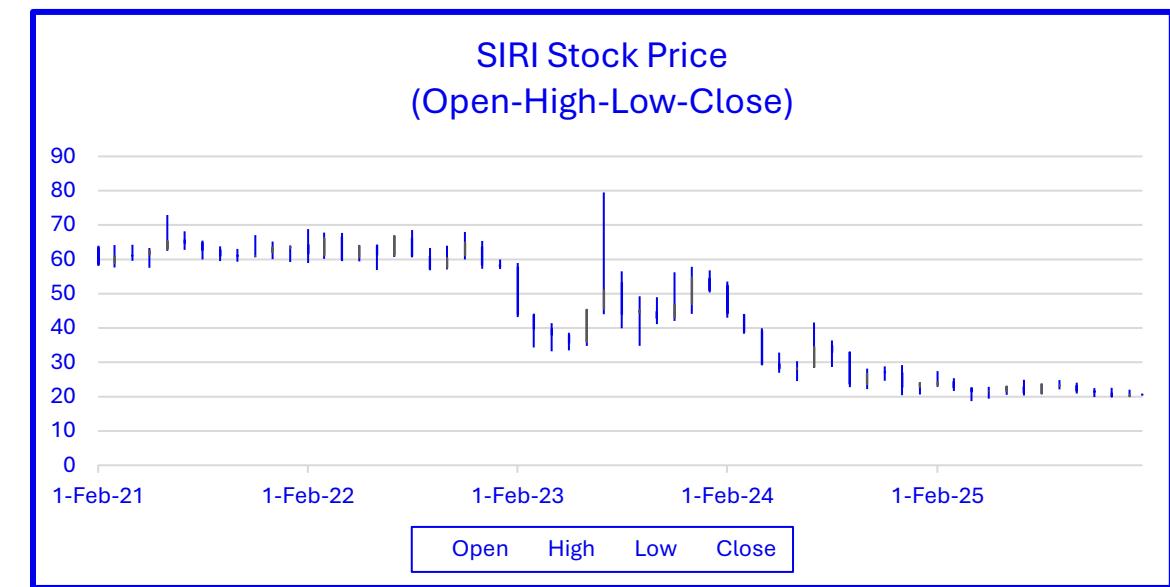
Recommendation Overview	
Share Price as at 1/22/26	\$20.54
Target Price	\$33.50
Gain (%)	63.08%

Reasoning:

Industry Moat

DCF
Undervaluation

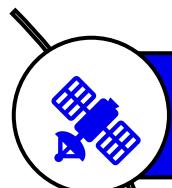
Consistent
Payments



Company Overview

Understanding how SiriusXM Wins From a Qualitative Perspective

Who Is SiriusXM?



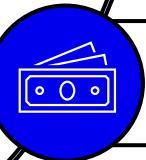
Founded in 2008 via merger of Sirius Satellite Radio and XM Satellite Radio



Headquarters: Manhattan, New York City



5,515 Full-time Employees



Subscriptions: **33.2M** from SiriusXM and **5.8M** from Pandora

Audio
Entertainment
Company

Recurring
Subscriptions for
satellite radio

Over **167M**
vehicles in
operation with
SiriusXM Radios

2,500+ podcast
shows exclusively
on SiriusXM

How SiriusXM Works

Business Model: Subscriptions

Consumer Buys Car

Most New Cars Come With a SiriusXM Receiver Already Installed

SiriusXM Offers Free Trial for 3-Months

After the Trial, Consumers Either Cancel or Pay a Monthly Fee

Content Delivery

Two Primary Sources

Satellite Radio

Satellites broadcast signal down to antenna

App / Streaming

Coverage works anywhere

Phone connects to SiriusXM to servers over the internet

Uses data but offers on-demand availability

Why Invest In SiriusXM?

Industry Moat

Only SDARS License Holder In The US

FCC Licenses expire every 8 years but are renewable

Consistent Payments

5.3% Dividend Yield

Top 25% of Dividend Payers in the US Market

Undervaluation

Bloomberg ANR implies +17.5% upside

PE Ratio is Half of Industry Average

Benefits of SDARS

Nationwide Coverage Without Needing Cellular Networks

Regulatory Barrier to Entry

Built-In Distribution in Cars

Benefits for Seger

Has Not Missed a Dividend Payment

Consistent Return For a Small Cap Portfolio

Long-Term Value

Tailwinds

Decreasing CAPEX on satellites to near zero by 2028

Low churn rate of only 1.6% showing loyal customer base & predictability

Partnerships with Amazon DSP & Snowflake open door to future opportunity

OEM manufacturer contracts until minimum of 2027 with high odds of extension

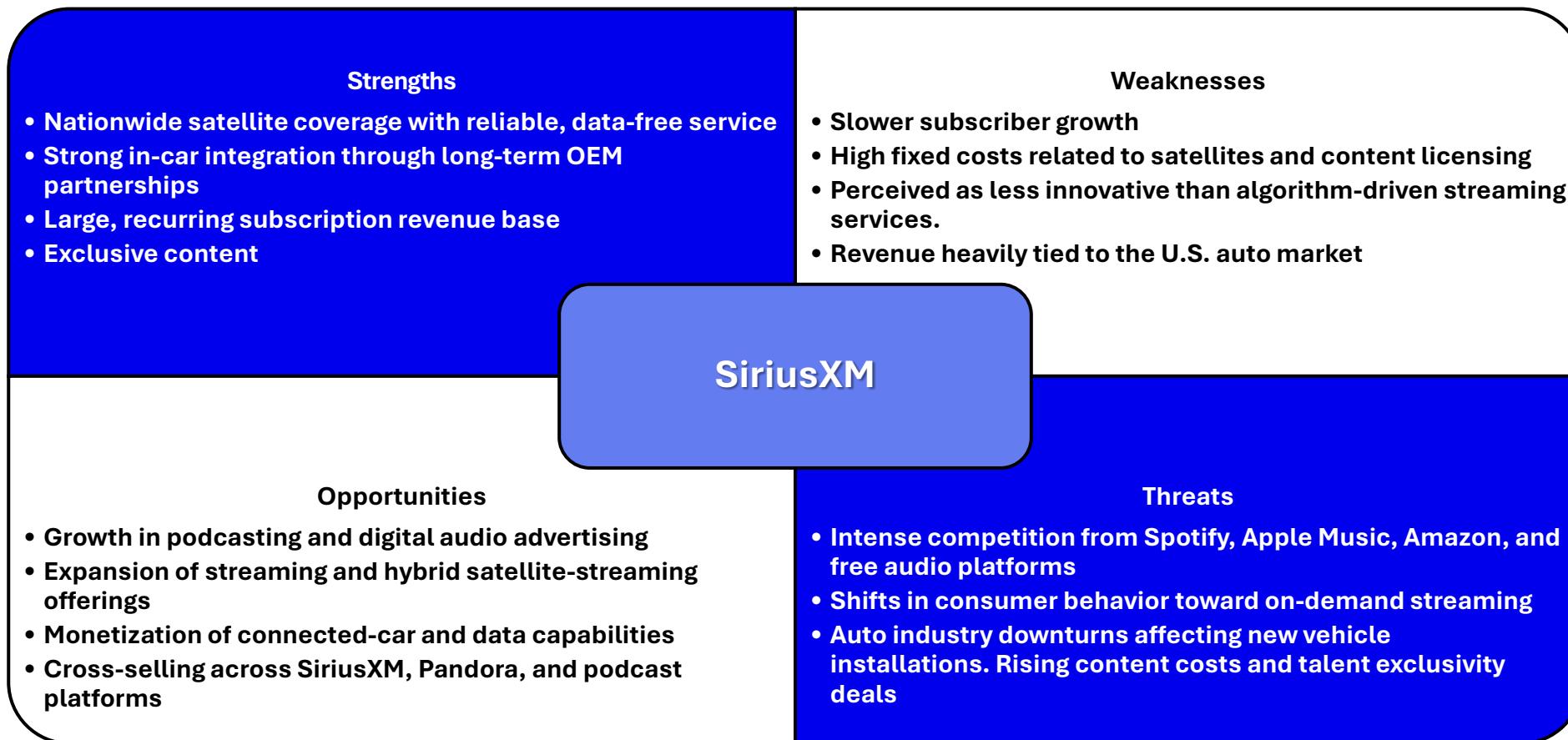
Headwinds

**Market conditions,
if cars aren't being
bought could be
less revenue for
SiriusXM**

**Still need to
extend contacts**

**Internet streaming
services becoming
more prevalent**

SWOT Analysis



Industry Overview

How SiriusXM stacks up against competitors

Industry Overview: Music Streaming

Music Streaming Service

Performance ?

Annualized Change: Revenue (2021-2025)

Revenue

\$2.0bn

#5 of 5 competitors

[View Trend](#)



Profitability ?

Annualized Change: Profit Margin (2021-2025)

Profit Margin

21% Moderate

#3 of 5 competitors

[View Trend](#)



Productivity ?

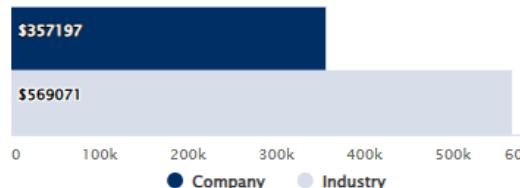
Revenue Per Employee (2025)

Revenue per Employee

\$357.2k Moderate

#2 of 5 competitors

[View Trend](#)



Music Streaming Services in the US — Companies and their Market Share (2025)



Source: IBISWorld, Sirius Xm Radio Inc.



Industry Overview: Internet Radio

Internet Radio Broadcasting

Performance ?

Annualized Change: Revenue (2020-2023)

Revenue

\$2.1bn

#1 of 2 competitors

[View Trend](#)



Profitability ?

Annualized Change: Profit Margin (2020-2023)

Profit Margin

22%

#1 of 2 competitors

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Productivity ?

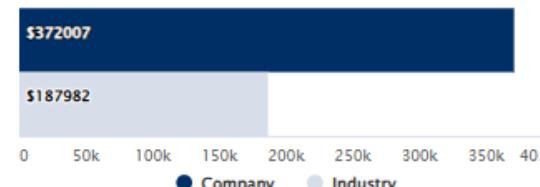
Revenue Per Employee (2023)

Revenue per Employee

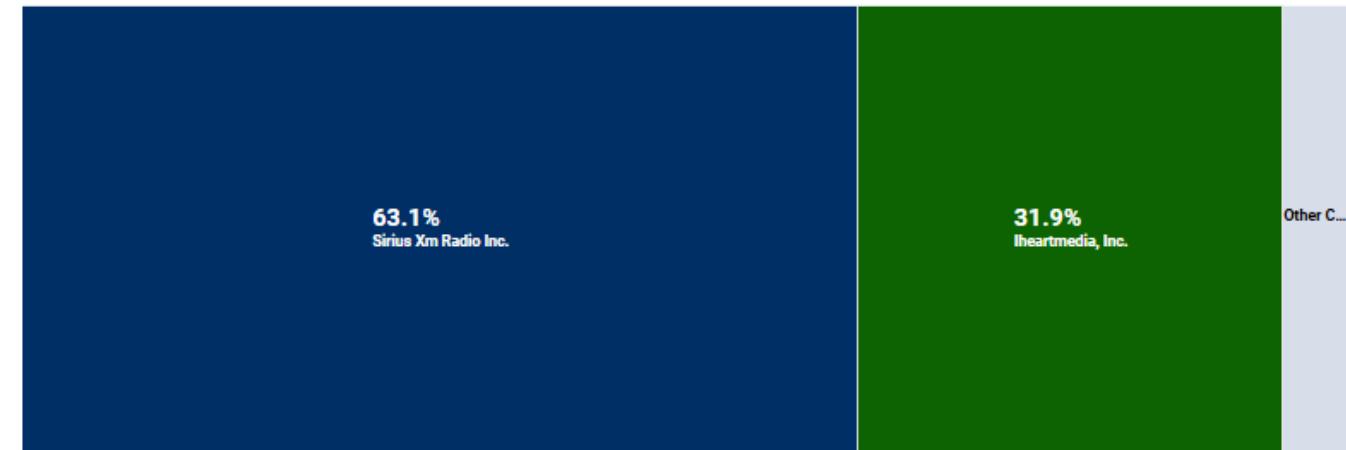
\$372.0k

#1 of 2 competitors

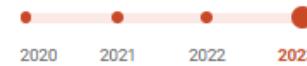
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Internet Radio Broadcasting in the US — Companies and their Market Share (2023)



Source: IBISWorld, Sirius Xm Radio Inc.



Ratio Analysis

Liquidity Ratios	SIRI	IHRT	NXST
Current Ratio	0.42	1.56	1.66
Quick Ratio	0.31	1.44	1.50
Cash Ratio	0.06	0.30	0.18
Profitability Ratios	SIRI	IHRT	NXST
Operating Margin (%)	-17.44%	-19.80%	23.45%
Gross Margin (%)	52.53%	58.78%	58.92%
Net Profit Margin (%)	-19.14%	-26.20%	13.35%
Leverage Ratios	SIRI	IHRT	NXST
Times Interest Earned	(3.21)	(1.79)	2.94
Debt-to-Equity Ratio	96.75	-	300.40
EPS	\$2.85	\$(1.22)	\$21.92

Valuations

SiriusXM from a quantitative perspective

DCF

WACC: 6.50%

LTGR: 0.05%

Current Share Price: \$20.54

Implied Share Price: \$38.89

Undervalued: 89.33%

Forecasted Year	Free Cash Flow				
	2025	2026	2027	2028	2029
NOPAT	1,529	1,529	1,529	1,537	1,545
Add/Less NWC changes	(434)	-	-	1	1
Less capex and depreciation	-	-	-	(11)	(11)
Free Cash Flow	1,095	1,529	1,529	1,527	1,535

Sensitivity Analysis

Long
Term
Growth
Rate

Weighted Average Cost of Capital

\$ 38.89	5.50%	6.00%	6.50%	7.00%	7.50%
-0.05%	\$ 50.64	\$ 43.80	\$ 38.00	\$ 33.03	\$ 28.71
0.00%	\$ 51.25	\$ 44.30	\$ 38.42	\$ 33.38	\$ 29.02
0.05%	\$ 51.87	\$ 44.81	\$ 38.85	\$ 33.74	\$ 29.32
0.10%	\$ 52.50	\$ 45.33	\$ 39.28	\$ 34.11	\$ 29.64
0.15%	\$ 53.14	\$ 45.85	\$ 39.72	\$ 34.48	\$ 29.95

Best Case: **\$50.64**

Worst Case: **\$29.95**

EV/EBITDA

Using SiriusXM's Historical EV/EBITDA Multiples

Average EV/EBITDA: 13.83

Implied Share Price: \$68.47

Current Share Price: \$20.54

Undervalued: 233.36%

P/E Multiple

Using SiriusXM's Historical P/E Multiples

SIRI P/E: 21.08

Implied Share Price: \$77.93

Current Share Price: \$20.54

Undervalued: 279.40%

Using Nexstar Media Group P/E Multiple

NXST P/E: 15.57

Implied Share Price: \$57.56

Current Share Price: \$20.54

Undervalued: 180.25%

Portfolio Changes

How SiriusXM will affect the Seger Fund

Risk Metric Changes

Before Acquisition:

Sharpe: 0.93



Sortino: 1.67



Treynor: 18%



Alpha: 14.02%



Beta: 1.33



Upside Capture: 174.52%



Downside Capture: 107.39%



Maximum Drawdown: -21.77%



After Acquisition:

Sharpe: 0.91



Sortino: 1.61



Treynor: 18%



Alpha: 12.97%



Beta: 1.27



Upside Capture: 165.74%



Downside Capture: 105.13%



Maximum Drawdown: -21.10%



Weighting Changes

*Approx.
40% in
cash

Sector	Seger Before	Seger After	Benchmark	Weight
Communication Services	0%	4.76%	2.45%	Overweight
Consumer Discretionary	4.51%	4.30%	10.65%	Underweight
Consumer Staples	5.24%	4.99%	1.62%	Overweight
Energy	9.55%	9.09%	5.55%	Overweight
Financials	5.83%	5.55%	16.70%	Underweight
Healthcare	7.94%	7.57%	17.76%	Underweight
Industrials	10.42%	9.92%	19.15%	Underweight
Information Technology	7.41%	7.05%	12.27%	Underweight
Materials	9.51%	9.06%	4.84%	Overweight
Real Estate	0%	0%	5.61%	Underweight
Utilities	0%	0%	3.39%	Underweight
% of Portfolio	60.41%	62.29%	99.99%	

Final Recommendation

Where CMU SMIF goes from here

Recommendation: Buy SiriusXM



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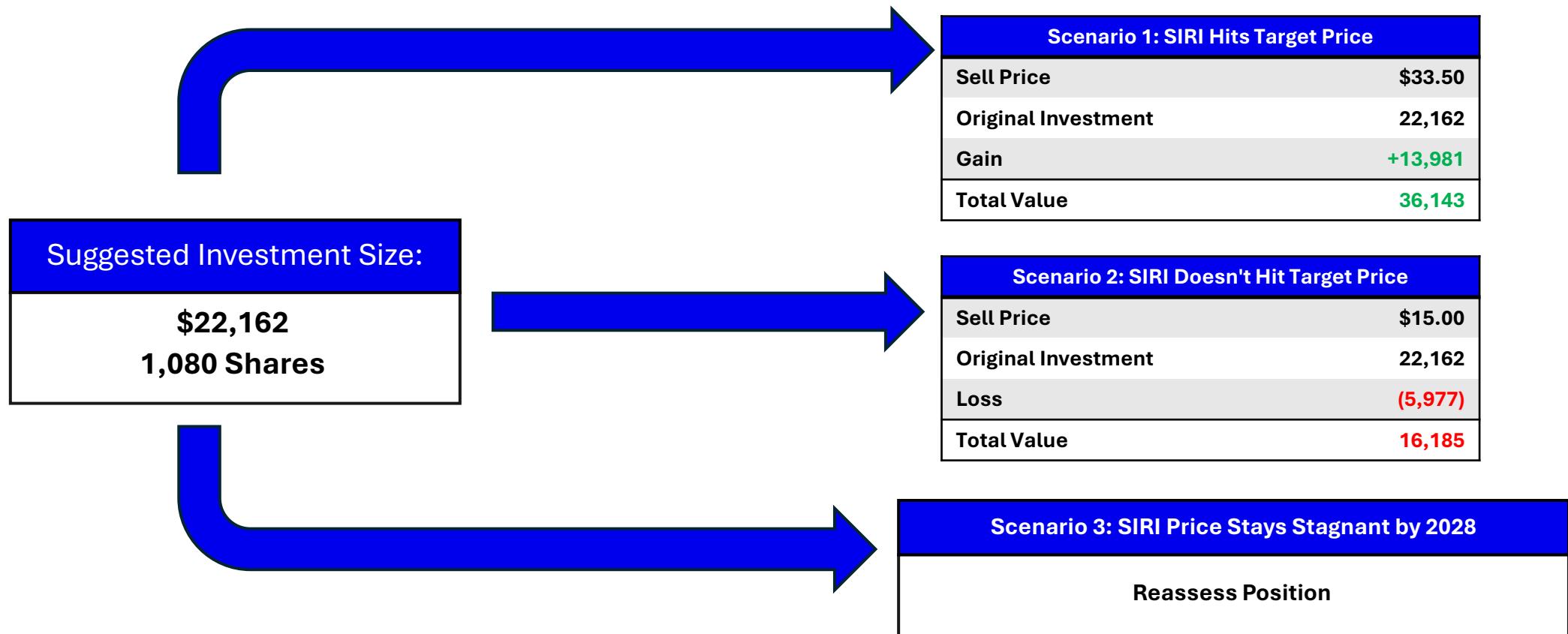
Reasoning:

Industry Moat

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Undervaluation

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Payments

Exit Strategy



Conclusion

Divest from benchmark (current balance: \$175,569)

Buy 1,080 Shares (\$22,162) worth of SIRI – 5%

Based on:

- DCF
- Company Moat
- Consistent Payments

SIRI Pitch 1/26



Appendix

Standard Deviation (monthly)	7.05%
Standard Deviation (annualized)	26.43%
Downside Deviation (monthly)	4.09%
Maximum Drawdown	-21.77%
Benchmark Correlation	0.83
Beta ^(*)	1.33
Alpha (annualized)	14.02%
R ²	68.46%
Sharpe Ratio	0.93
Sortino Ratio	1.67
Treynor Ratio (%)	18.40
Calmar Ratio	2.02
Modigliani–Modigliani Measure	19.13%
Active Return	18.32%
Tracking Error	15.82%
Information Ratio	1.16
Skewness	0.05
Excess Kurtosis	-0.52
Historical Value-at-Risk (5%)	8.86%
Analytical Value-at-Risk (5%)	9.60%
Conditional Value-at-Risk (5%)	9.99%
Upside Capture Ratio (%)	174.52