

Demand Notes Market Size



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A LIGO CAPITAL COMPANY

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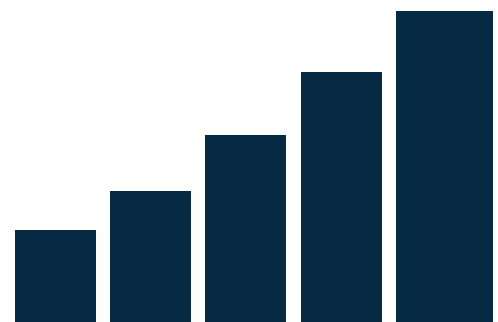
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About Company

Democratizing Demand Notes as a Alternative Funding Solution

We facilitate corporations to issue Demand Notes and automate the trading and sales process. The platform will be offered as an extension of the corporation's website, providing a turnkey, touch-free solution. In addition, we will create a marketplace to be connected to networks of Broker-Dealers, Registered Investment Advisors (RIAs), and other digital networks for increased distribution.

As an option, we also provide corporations to tokenize the Demand Notes issued and these tokens can be placed on various networks thereby offering a way to earn yield for qualified investors.



Meet Our Team



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Alternative Funding Solutions

Total Addressable Market (TAM) of the Demand Notes Marketplace

The \$20 trillion TAM for demand notes represents the broad potential market size, which includes various segments such as retail investors, institutional investors, and private credit markets. Our serviceable market would focus on:

- Retail Investors through RIA's: This includes individual investors looking for flexible, liquid investment options.
- Mid-tier Institutional Investors: Entities such as middle markets, pension funds, insurance companies, and mutual funds that might be interested in the stable and predictable returns offered by demand notes.
- Private Credit Markets: Including high-net-worth individuals, family offices, and universities looking for short-term investment options.



Key Components and Estimates of the TAM

Retail Investors:

- Retail investors seek flexible and liquid investment options, and demand notes provide an attractive alternative to traditional savings accounts.
- According to the Federal Reserve's Survey of Consumer Finances, U.S. households' total savings and liquid investments exceeded \$10 trillion in recent years. This segment represents a substantial portion of the demand note market as retail investors look for higher returns with liquidity.

Institutional Investors:

- Institutional investors, such as pension funds, insurance companies, and mutual funds, often seek stable and predictable returns. Demand notes can be appealing due to their short-term nature and competitive interest rates.
- The Investment Company Institute (ICI) reported that U.S. mutual funds managed over \$21 trillion in assets in 2023. A fraction of these assets could be allocated to demand notes, increasing the market size.



Key Components and Estimates of the TAM

Private Credit Markets:

- High-net-worth individuals, family offices, and universities also seek short-term investment options. The private credit market has seen substantial growth over the past few years. As of the start of 2024, the global private credit market is approximately \$2.1 trillion in assets and committed capital, with about three-quarters of this market concentrated in the United States (IMF).
- This market is projected to continue expanding, with estimates suggesting it could grow to \$2.8 trillion by 2028 (Morgan Stanley). This growth is driven by several factors, including:
- Demand for Non-Bank Lending: Companies that are too large or risky for traditional bank loans and too small for public debt markets find private credit appealing due to its flexibility and tailored solutions.
- Higher Returns: Institutional investors such as pension funds and insurance companies are attracted to private credit for its higher returns and lower volatility than public credit markets.
- Market Resilience: Private credit has demonstrated resilience during financial downturns, such as the 2008 Global Financial Crisis and the COVID-19 pandemic, making it an attractive investment.

Market Segments (Private Credit Market)

- **Direct Lending:** Provides credit primarily to private, non-investment-grade companies. This segment is known for its steady current income and relatively lower risk than other private credit types.
- **Mezzanine, Second Lien Debt, and Preferred Equity:** Known collectively as junior capital, these instruments offer higher returns and come with equity "kickers" for attractive total returns.
- **Distressed Debt** (Investing in companies in financial distress, often yielding high returns but with significant risks.)
- **Special Situations:** Custom solutions for non-traditional corporate events like mergers, acquisitions, and divestitures.



Key Components and Estimates of the TAM

Universities:

- Universities, as large institutional investors, manage significant endowments. For example, the National Association of College and University Business Officers (NACUBO) reported that U.S. college endowments totaled over \$839 billion in 2024. Demand notes could serve as a short-term investment vehicle for these institutions.
- Additionally, universities can use demand notes to maintain a stable source of long-term liquidity. Universities can sell demand notes to parents of potential future students, creating a stable funding source and increasing endowments. This not only helps in managing liquidity but also strengthens relationships with the university community.



| Conclusion

Overall TAM Estimate: Combining the segments, the overall TAM for demand notes could exceed \$20 trillion. This figure is derived from aggregating the potential investment pools from retail investors, mid-tier institutional investors, private credit markets, and universities.

Market Adoption: The growth potential for the demand note market is influenced by investor awareness and acceptance. Market adoption is expected to increase as investors become more familiar with the benefits of demand notes, such as liquidity and competitive interest rates.



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