# Example 3: Model Misspecification

1

*T*1

*T*2

*T*3

*T*4

1.2

1

0.25

*r* = 0.5

1.2

1.2

1.2

1

1

1

1 *± 0.1*

2 *± 0.1*

3

1

5

1

0