Uncertainty in Cash Flows

James Woods

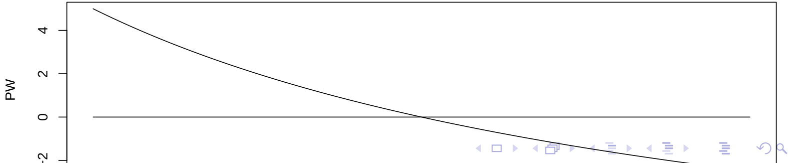
5/19/2016

Why Uncertainty?

- We really don't know

You Have Seen Sensitivity Analysis

- Recall the PW diagrams we used in learning IRR?
- Shows how PW changes with changes in MARR. $PW = -10 + \frac{15}{(1+r)}$



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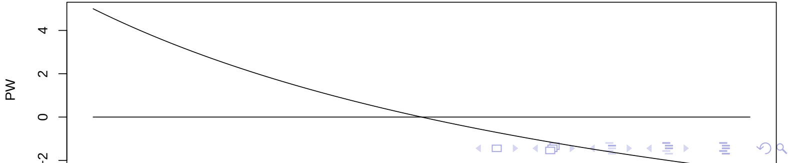

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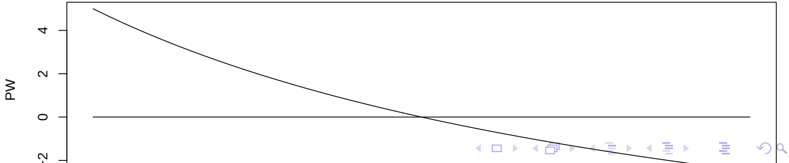

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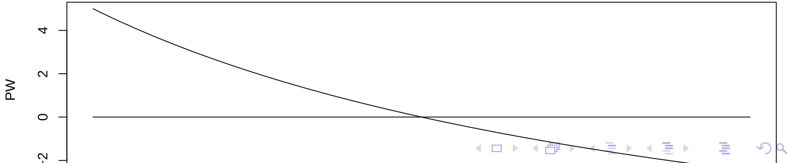

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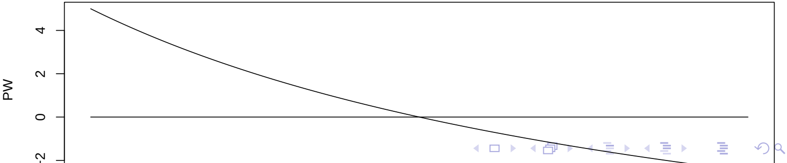

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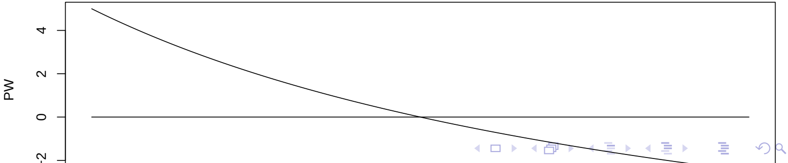

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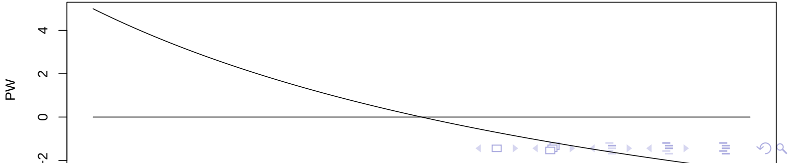

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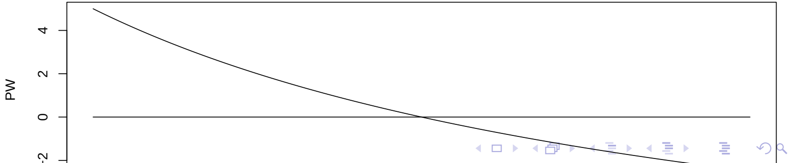

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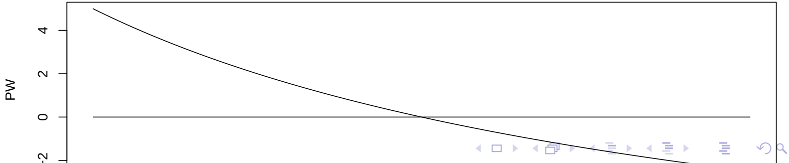

Prior Development

Single Person

Multi-Person

Joint Distributions

Multiple Parameter Sensitivity

Spider Graphs

Montecarlo Simulations

Interested in More?