The intrinsic value of an asset and standard decision

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Abstract

In this paper, I describe the intrinsic value of an asset and standard decision. The paper ends with "The End"

Introduction

The **intrinsic value of an asset** is critical to standard decision.
In this paper, I describe the intrinsic value of an asset and standard decision.

The intrinsic value of an asset

The intrinsic value $A_i(t)$ of an asset $A(t)$ is given by

$$A(t) = A_i(t) + \delta_A(t)t = \frac{A_i(t)}{1 + r_f(t) + A_i(t)}$$

where
t is time
$A(t)$ is the price of the asset as a function of time
$A_i(t)$ is the intrinsic value of the asset as a function of time
$\delta_A(t)$ is the **time-varying time coefficient** of the price of the asset
$r_f(t)$ is the risk-free rate as a function of time

Standard decision

Standard decision using the intrinsic value of an asset is:

1. If $A_i(t) > 0$, buy and hold asset $A(t)$.
2. If $A_i(t) = 0$, sell asset $A(t)$.
3. If $A_i(t) < 0$, sell asset $A(t)$ if already held and don't buy asset $A(t)$.

Non-standard decisions

Note that non-standard decisions aren't explained by the intrinsic value of an asset and are organization-specific.

The End