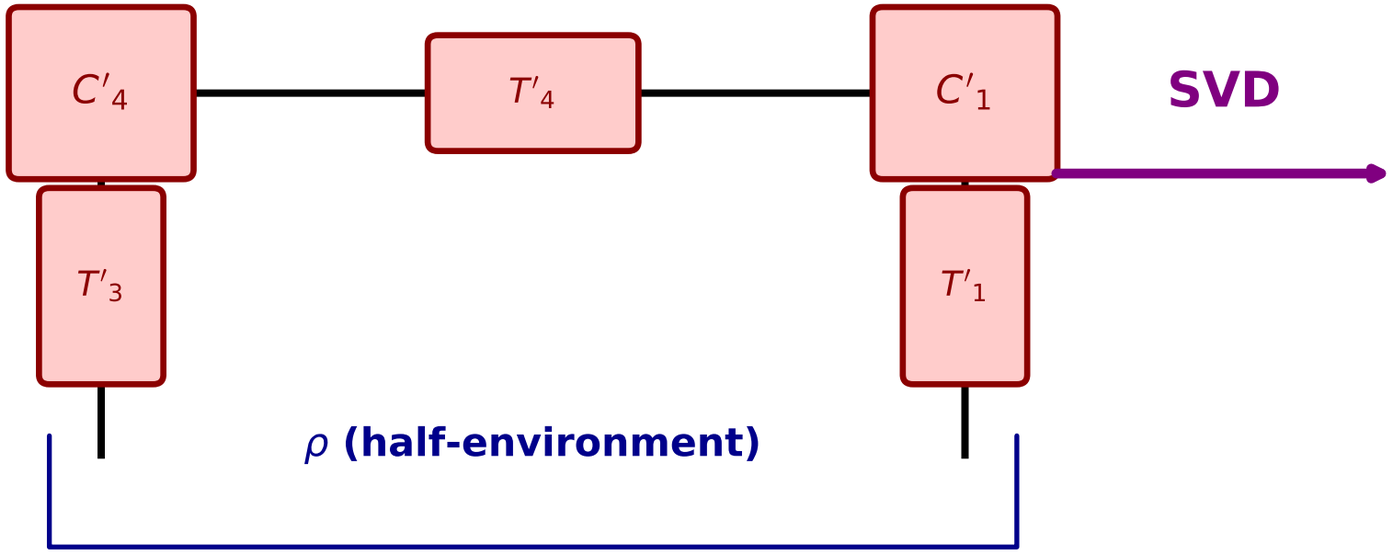
Truncation: Use environment to find optimal projector P



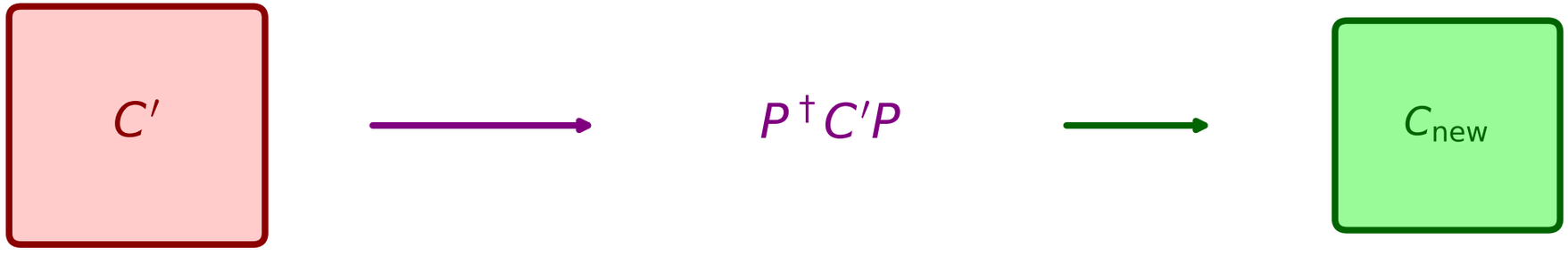
SVD

$$\rho = U\Sigma V^\dagger$$

Keep χ largest:

$$P = U_{:\chi}$$

Apply Projector P:



Similarly: $T_{\text{new}} = P^\dagger T' P$