Set Algebra:

- **Union -** A or B; $A \cup B$.
- **Intersection -** A and B; $A \cap B$.
- **Complement -** not A; A^C.
- **Difference -** A but not B; $A \backslash B$
- **Disjoint Events aka. mutually exclusive -** events A and B are disjoint if they don't share any outcomes in common (i.e., A and $B = \varnothing$).
- **Subset -** $A \subseteq B$

Trial - a repetition of a random experiment/process. Trials're <u>independent</u>: none gives information about the others; are <u>stable</u>: reuslts could have appeared in any order.

Outcome - a possible result of a trial.

Sample space - the set of all possible outcomes. Often denoted as S.

Event - a set of outcomes of an experiment (i.e., a subset of the sample space).

Probability - is a long run proportion of an outcome in repeated trials.

- Probabilities act as "targets" of estimation
- Proportions based on data "estimate" probabilities. Would approach probabilities if observe <u>infinite trials.</u>

Formally, $\boxed{A \mapsto \mathbb{P}(A), \mathbb{P}(A) \in [0,1]}$ A probability $\mathbb{P}(\cdot)$ on a sample space S is a function that assigns a snumber between 0 and 1 to all events, A in the sample space (i.e., any possible subset of the sample space) and subject to three requirements (axioms):

1. $\mathbb{P}(S) = 1$: probability of *something* in the sample space happening is 1
2. $\mathbb{P}(A) \geq 0, \forall A$
3. A and $B = \varnothing$ (A, B disjoint) $\Rightarrow \mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B)$

More takeaways

- $A \subseteq B \Rightarrow \mathbb{P}(A) \leq \mathbb{P}(B)$
- A, B, C are pairwise disjoint $\Rightarrow \mathbb{P}(A \cup B \cup C) = \mathbb{P}(A) + \mathbb{P}(B) + \mathbb{P}(C)$
- $\mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B) - \mathbb{P}(A \text{ and } B)$

Joint Probability - $\mathbb{P}(A \text{ and } B)$ is the joint probability that events A and B occur.

Conditional Probability -
$\mathbb{P}(A|B) = \frac{\mathbb{P}(A \text{ and } B)}{\mathbb{P}(B)}, \mathbb{P}(B) > 0$ the probability of observing event A if (given that) one has observed B. Bear in mind: $\mathbb{P}(A|B) \neq \mathbb{P}(B|A)$

Product Rule - $\mathbb{P}(A \text{ and } B) = \mathbb{P}(B) \cdot \mathbb{P}(A|B)$.

Independent Events - A and B are independent if $\mathbb{P}(A \text{ and } B) = \mathbb{P}(A) \cdot \mathbb{P}(B)$; one event happening doesn't affect the probability of the other event happening. Can easily deduce that $\mathbb{P}(A|B) = \mathbb{P}(A)$ and $\mathbb{P}(B|A) = \mathbb{P}(B)$.

Independence and Disjointness are **NOT** synonyms.

- Independent $\Rightarrow \mathbb{P}(A \text{ and } B) = \mathbb{P}(A) \cdot \mathbb{P}(B)$
- Disjoint $\Rightarrow \mathbb{P}(A \text{ and } B) = 0$. Disjoint events are extremely dependent: If one event occurs, the other cannot.

Random variable - a numerical function on a sample space with probabilities. (Think as a scoring mechanism.)

- Input: an outcome in the sample space
- Output: a number

Discrete RVs - only countably many values are possible

Continous RVs - can take on uncountably infinitely many values

Probability Distribution Function (PDF) -
$\boxed{\mathbf{p}_X(x) = \mathbb{P}(X = x)}$ is the probability that the random variable X takes on the value x. I really hate $\mathbf{p}_X(x)$ this styling, so only $\mathbb{P}(X = x)$ moving forward.

Properties of PDFs - any function that satisfies the following conditions is a probability distribution function of a <u>Discrete</u> random variable:

1. $\mathbb{P}(X = x) \geq 0, \forall x \in \mathbb{R}$ (for any real number)
2. $\mathbb{P}(X = x) > 0$ for values that the random variable X can actually take on
3. $\mathbb{P}(X = x) = 0$ for values that aren't possible for the random variable X
4. $\sum_x \mathbb{P}(X = x) = 1$

Expected Value - $\boxed{\mathbb{E}[X] = \sum_x x \cdot \mathbb{P}(X = x)}$

Variance - a probability weighted mean of the possible squared deviations.

$$\begin{aligned}
\text{Var}(X) &= \mathbb{E}\left[(X - \mathbb{E}[X])^2\right] \\
&= \sum_x (x - \mathbb{E}[X])^2 \cdot \mathbb{P}(X = x) \\
&= \mathbb{E}\left[X^2\right] - (\mathbb{E}[X])^2
\end{aligned}$$

Standard Deviation - $\boxed{\text{SD}(X) = \sqrt{\text{Var}(X)}}$

Handy Transformations -

$$\boxed{\begin{aligned}
\mathbb{E}[a + bX] &= a + b\mathbb{E}[X] \\
\text{Var}(a + bX) &= b^2 \text{Var}(X) \\
\text{SD}(a + bX) &= |b|\text{SD}(X)
\end{aligned}}$$

Given $Y = g(X)$ **and** X**'s PDF -**

$$\boxed{\begin{aligned}
\mathbb{E}[Y] &= \sum_x g(x) \cdot \mathbb{P}(X = x) \\
\text{Var}(Y) &= \sum_x (g(x) - \mathbb{E}[g(X)])^2 \cdot \mathbb{P}(X = x)
\end{aligned}}$$

RVs with only 2 outcomes - (not necessarily Bernoullis yet) Suppose RV X's PDF is:
$$\begin{cases} \mathbb{P}(X = a) & = p \\ \mathbb{P}(X = b) & = 1 - p, \text{ then:} \\ \mathbb{P}(X = \text{all other values}) & = 0 \end{cases}$$

$$\boxed{\begin{aligned}
\mathbb{E}[X] &= ap + b(1 - p) \\
\text{Var}(X) &= (a - b)^2 p(1 - p) \\
\text{SD}(X) &= |a - b|\sqrt{p(1 - p)}
\end{aligned}}$$

Bernoulli Random Variable - aforementioned when $\begin{cases} a & = 1 \\ b & = 0 \end{cases}$. If $\boxed{X \sim \text{Bern(p)}}$, then:

$$\boxed{\begin{aligned}
\mathbb{E}[X] &= p \\
\text{Var}(X) &= p(1 - p) \\
\text{SD}(X) &= \sqrt{p(1 - p)}
\end{aligned}}$$

- Variance maximized when $p = 0.5$
- Variance minimized when $p = 0$ or 1

Useful for tracking how <u>many</u> successes happen in n independent trials.

Binomial Problems - following must hold:

1. Constant success probability p and failure probability $(1 - p)$.
2. Fixed total number of trials: n
3. trials are **independent**
4. Only two outcomes of interest (success or failure) on each trial
5. Want to find the probability of observing k successes among the total number of n trials. (Order doesn't matter.)

$$\boxed{\mathbb{P}(k \text{ successes in } n \text{ trials}) = \binom{n}{k}p^k(1-p)^{n-k}}$$

Combination - how many ways to choose k out of n: $\boxed{\binom{n}{k} = \frac{n!}{k!(n-k!)}}$.

Binomial Distribution - $\boxed{X \sim \text{Binom}(n, p)}$ where X is an RV tracking the number of successes in n independent trials with success probability p. X's PDF:
$$\boxed{\forall k \in \{0, \ldots, n\}, \mathbb{P}(X = k) = \binom{n}{k}p^k(1-p)^{n-k}}.$$
Attn: X here is not for one single trial!.

- A **Bernoulli RV**: useful for one trial's success/failure.
- A **Binomial RV**: useful for total number of successes.

Binomial as the Sum of Bernoullis - n independent Bernoulli RVs each with the same success probability p: $\forall i \in 1, \ldots, n, X_i \sim \text{Bern}(p)$.
Define $\boxed{S_n = \sum_{i=1}^n X_i}$, then denote
$\boxed{S_n \sim \text{Binom}(n, p)}$. $\text{Binom}(1, p) = \text{Bern}(p)$