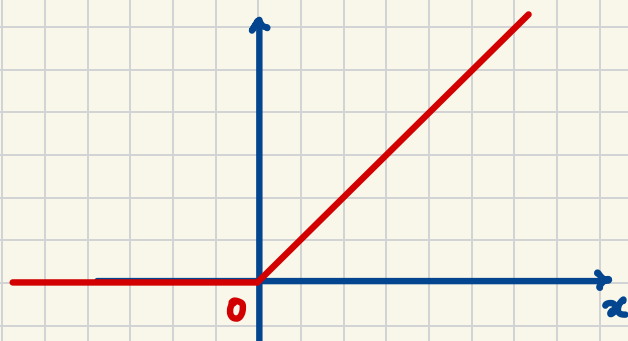


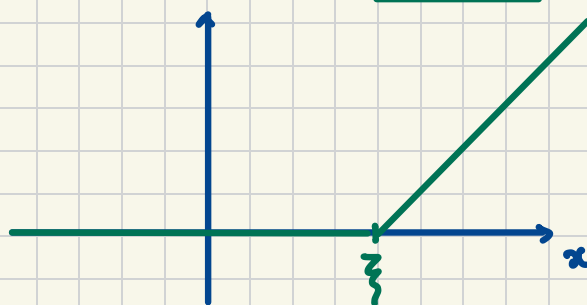
Positive Part Functions.

$$x \mapsto (x)_+ := \max(x, 0)$$



Example. For any $\xi \in \mathbb{R}$, let's graph

$$x \mapsto (x - \xi)_+$$



Useful in:

- Payoff/Profit of a call.
- Deductibles

Using the positive part functions as basis functions.

