Static Portfolios.
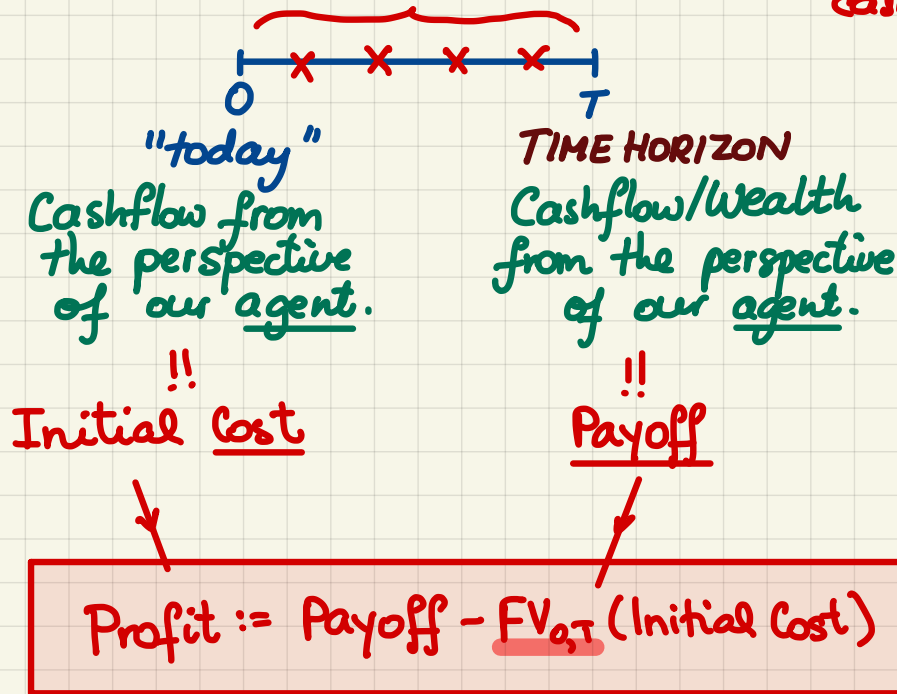
Step #1. Decide who your protagonist is?

Step #2. Set up the timeline ("on paper" or mentally).

Static, i.e., no intermediate cashflows

O — "today"
Cashflow from the perspective of our agent.

!!
Initial Cost

T — TIME HORIZON
Cashflow/Wealth from the perspective of our agent.

!!
Payoff

$$\text{Profit} := \text{Payoff} - FV_{0,T}(\text{Initial Cost})$$

If Profit > 0, then we call it a gain.

If Profit < 0, then we call it a loss.

If Profit = 0, we say that we break even.