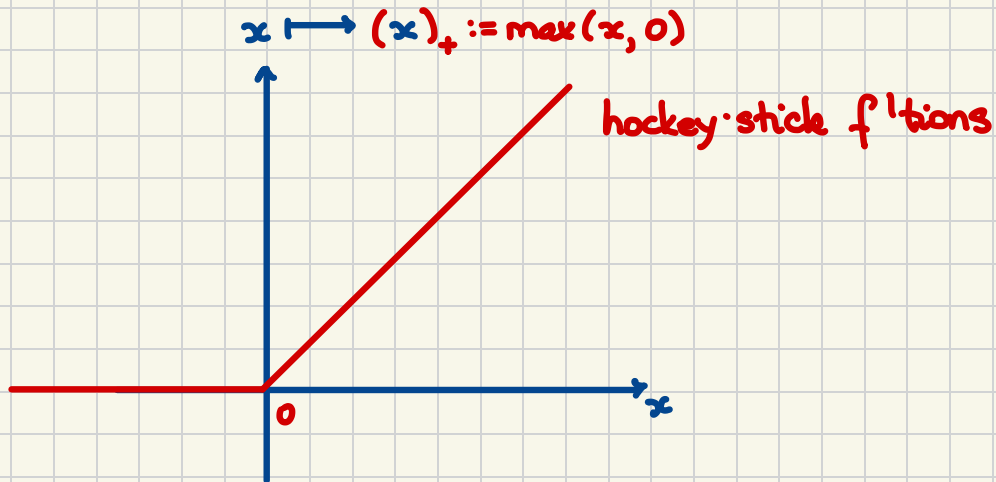


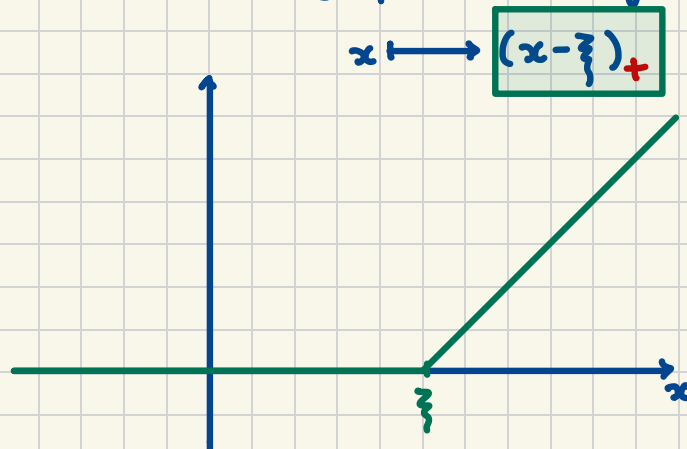
M339G: February 16<sup>th</sup>, 2026.

Linear splines.

Positive Part Function.



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



Useful:

- Deductibles
- Payoff a call/put
- Hinge loss

Using the positive-part functions as basis functions.

