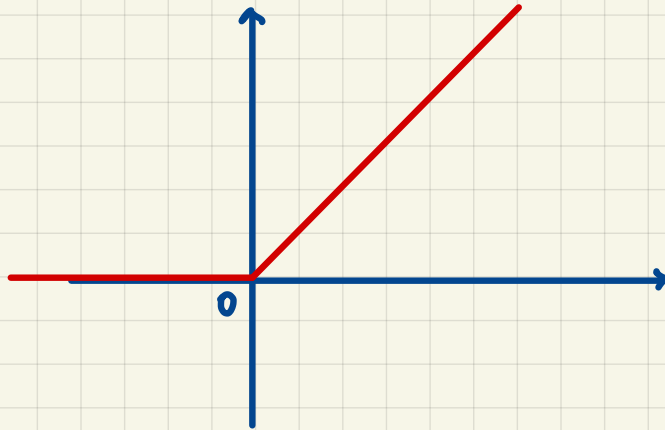


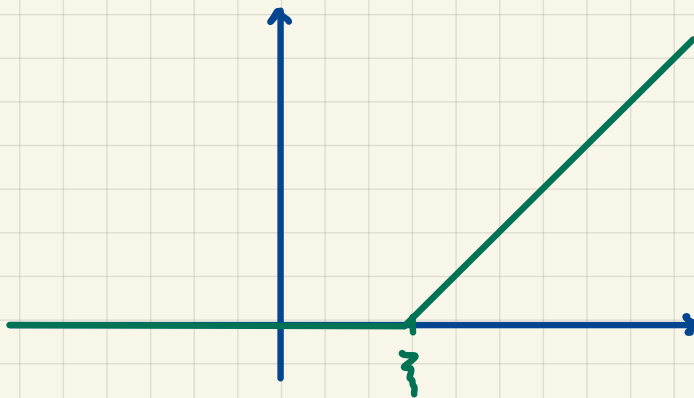
## Positive part function.

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



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

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



- Example.
- You see this function in the payoff of call and put options.
  - You see this function in payments of an insurance policy w/ a deductible.

Using the positive part fctns as basis functions.

