```
M339D: January 31st, 2024.
 Static Bottolios.
     Step#1. Decide who your protagonist is !
   Step#2. Set up a time line ("on paper" or mentally).
             static, r'e., no intermediate cashflows

"today"

Cashflow from Cashflow/wealth
the perspective of our agent.
                                   Payoff
             Initial Cost
              Profit := Payoff - FVO,T (Initial Cost)
  If Profit >0, we call it a gain.
  If Popit <0, we call it a loss.
   If Profit =0, we say that we break even.
Example. [Investing in a zero coupon bond]
                +C C... redemption amount
             bond maturity bought date
      ( ) ... continuously compounded, risk: free interest rate
        Initial cost: Cert
        Payoff: C
        Propit = C - FV6, T (Ce-1T) = 0
```

Example. [Taking a loan]

Initial cost: -L

Payoff: -Le^T

Ropit = -Le^T + FVo,T (+L)

= -Le^T + Le^T = 0