

VESTED INTEREST

NEWSLETTER OF THE WEALTH STRATEGIES GROUP AT CANANDAIGUA NATIONAL BANK & TRUST



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Lessons Learned from “The Great Recession”

The Great Recession is a headline that is hard to turn away from. It’s like that accident you drive by but just have to glance at before you pass by.

The National Bureau of Economic Research (NBER) has proclaimed the Great Recession to be a thing of the past, having ended in the early summer of 2009. The devastation was wide-spread and the recovery will take years to fully be felt by those affected by its wake.

NBER has estimated that over 8 million jobs were lost during the 2007 – 2010 time period with only one million or so jobs having been created so far during the recovery. What lessons from this difficult economic period can be learned so that when the next eventual recession hits, we can all be better prepared to weather the storm?

In thinking about the answer to that question, one word sums up many of the lessons: DISCIPLINE.

We are all aware of how the U.S. equity market performed over the recessionary period. In 2008, the S&P 500 was down 36.7%! That performance was the second worst annual return in the last 85 years of measuring that index. Other measures of investment performance did equally or worse than the S&P 500.

There was seemingly no place to hide from this wave of wealth destruction. Yet a valuable lesson that has held up time and time again made many investors happy by the end of 2010. That lesson... Discipline.

Investors who had exposure to both equity and fixed income markets (stocks and bonds) saw their allocation to riskier asset classes (stocks) fall as a percent of their total net worth in 2007 and 2008. Those with the discipline to rebalance their portfolios during this time reaped the rewards of this practice. Equity market returns skyrocketed in 2009 and 2010 as the worst of the recession ended and the beginning of new growth began to take over.

The discipline needed to rebalance your portfolio during the depths of a market contraction can be an emotional gut-check. The lack of this discipline is what often causes individual investors to underperform the overall market.

The emotional decision to buy investments at depreciated prices can be a difficult one. However, good investment professionals have the ability to remove the emotion of this decision and focus on the intellectual aspect of market cycles, economic recessions and recoveries, and security pricing over longer periods of time.

A lesson that has been re-learned often, even in times of prosperity, is that diversification is essential in managing your wealth. Extreme wealth can be created from concentrated positions, but more often than not, wealth can be destroyed in the same manner. More than 300 banks closed over the last two years.

Even some of the “survivors” like Citigroup, Bank of America, and AIG have seen their market capitalization evaporate by 90% or more (not to mention their virtually non-existent dividend yields). Disciplined investors know that diversifying their holdings is the best way to avoid the financial ruin that the risk of a single concentrated position can bring.

Other lessons we learned from this Great Recession include adjusting expectations for future market returns. The discipline to review current spending needs vs. wants, taking into account this lower return outlook, starts to put some conservative trends into these analyses but also affects the level of savings that might be required to meet those goals.

While the recession may be “officially” over, for millions of Americans the recession goes on. History has a habit of repeating itself and those who learn from the lessons of the past are more likely to have success in the future.

Investment Planning at CNB

The investment professionals at Canandaigua National Bank & Trust average over 20 years of investment experience. They can help you develop a long-term plan and provide the discipline you need to maintain a well diversified, high-quality investment portfolio. Take advantage of the education and advice available to help you reach your long-term investment goals.

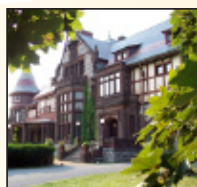
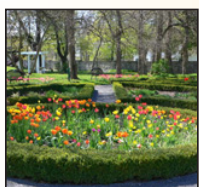
Contact Mike Reed, Chartered Financial Analyst, Vice President and Investment Services Manager to review your investment plan at 585-419-0670 ext. 50666 or by email at MReed@cnbank.com.

Come picnic with us!

We invite our CNB Optimum Club and Wealth Strategies Group clients to join us for food, fun, and entertainment on the beautiful grounds of Sonnenberg Gardens. While there, you can explore the mansion, tour the gardens, and stop in the gift shop.

**Sonnenberg Gardens,
151 Charlotte St., Canandaigua
Wednesday, August 17, 2011, 11:30am-1:00pm (Limit 2 tickets per household)**

**RSVP by August 10, 2011
585-394-4260 ext: 0**



Introducing CNB's Chosen™ Investment Strategies

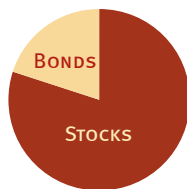
The Wealth Strategies Group at CNB offers three professionally managed investment applications designed to meet the financial needs and goals of our clients. Our unique suite of fully diversified investment options fits any type of investment style, financial situation or risk tolerance.

Chosen™ Structured Portfolios¹

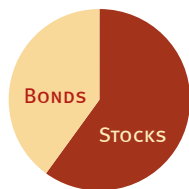
CNB's Chosen Structured Portfolios cover the entire reward-risk spectrum, comprised of a diverse mix of domestic and international asset classes.



AGGRESSIVE



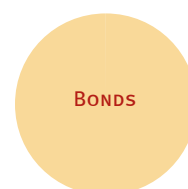
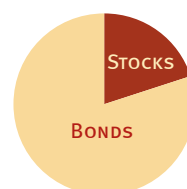
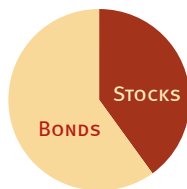
MODERATE



CONSERVATIVE

Chosen™ Active Portfolios

CNB's Chosen Active Portfolios are built custom to your tolerance for risk and time horizon and professionally managed by officers averaging over 20 years experience.



Chosen™ Retirement Year Portfolios¹

CNB's Chosen Retirement Year Portfolios are for an investor expecting to retire near a target year.

- A long-term investment strategy — invests in a mix of asset classes and automatically becomes more conservative over time.

Becomes More Conservative Over Time



Florida Offers More Than Just Tax Breaks

Asset Protection.

Canandaigua National Trust Company of Florida offers several opportunities to protect your family's assets from creditors, including:

- Dynasty trusts that continue for up to 360 years.
- Protection of your Florida home, cash surrender value of a life insurance policy, and proceeds of annuity contracts.
- Beneficiary and participant benefits of an employer-sponsored retirement plan (e.g., 401(k) Plans, 403(b) Plans, Defined Benefit Plans, or Profit-Sharing Plans).

Contact Lynn Carleton, CSNP, Vice President and Trust Administration Officer with questions at 800-724-2621 ext. 50683 or visit us at CNTrustCompany.com.

Florida



Canandaigua National Trust Company

Free Financial Advice From CNB Experts

CNBank.com/FinancialTips

Visit our website for the latest advice from our professionals on all financial matters. Interact with our representatives with questions or comments on each Financial Tip.



Ask the Experts

Tune in Sunday, July 24th at 8:00pm (time subject to change) to News Radio 1180 WHAM to hear our Wealth Strategies Group Officers on "Ask the Experts."

Get the latest expert advice on a variety of topics that interest you. Call the show at 585-222-1180.

Upcoming Shows

July 24, 2011
September, 25, 2011
November, 27, 2011

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¹Portfolios are managed by OBS Financial Services, Inc., an SEC Registered Investment Advisor, and are comprised of investments from Dimensional Fund Advisors, Inc.

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