

**Title: EXAMINING THE EFFECT OF PRODUCT INNOVATION  
ON FINANCIAL RISK MANAGEMENT IN SACCOS:  
EVIDENCE FROM KENYA**

**Title: The Co-movement of Stock and Bond Returns: A Comparison  
between the U.S. and U.K.**

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**ABSTRACT**

Stocks and bonds are the most invested assets in the world. This paper analyzes these two assets in terms of how their returns comove in the U.K. and U.S. Using annual stock and bond returns for the past 27 years (1985-2012) for both countries, it is concluded that although there is a linear relationship between the two asset returns in both the U.K. and U.S., there exists no long term relationship between the stock and bond returns of both countries. The implication of this is that in the short term, investors of these two assets in the U.S. and the U.K. can use this relationship to hedge their portfolios but there might be need to adjust their portfolio going forward as this linear relationship does not hold in the long term.