

But a strong balance sheet and cost control measures will allow the group to invest for growth and generate sustainable dividends and returns for shareholders, SLA added.

Shares fell 5.8% to 265p in morning trading.

"While less negative than last year, outflows remain Standard Life Aberdeen's Achilles heel with billions of pounds of investors' money walking out the door every quarter," said George Salmon, equity analyst at Hargreaves Lansdown.

"That's particularly problematic because a strategic repositioning that culminated in the sale of the Phoenix business means the group is increasingly focused on asset management rather than insurance."

He added: "Another reason outflows are hurting is that they're coming in the group's higher margin segments, equity and total return.

"Key to turning this around will be an uptick in performance, and while the group says 65% of all its funds have beaten their benchmark across the last three years, only 27% of equity funds have done so over that same period, and 79% of multi-asset money is behind the curve over the last year."

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