Distribution Number 10

Legal & General (Barclays) 500 Trust

Annual Manager's Short Report for the year ended 2 March 2011

Investment Objective and Policy

The investment objective of this Trust is to obtain capital growth, with a rising income over the long term, from a portfolio mainly comprising a large number of UK smaller companies.

Risk Profile

Market Risk

Market risk arises mainly from uncertainty about future prices. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Trust Facts

Period End Dates for Distributions:	2 Mar, 2 Sep	
Distribution Dates:	1 May, 1 Nov	
Total Expense Ratio:	2 Mar 11	2 Mar 10
	1.42%	1.39%

The Total Expense Ratio is the ratio of the Trust's operating costs (excluding overdraft interest) to the average net assets of the Trust.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
2 Mar 09	£98,118,975	307.11p	31,949,555
2 Mar 10	£153,316,901	493.82p	31,047,020
2 Mar 11	£170,250,090	570.68p	29,832,667

Past performance is not a guide to future performance.

The price of units and income from them may go down as well as up.

Distribution Information

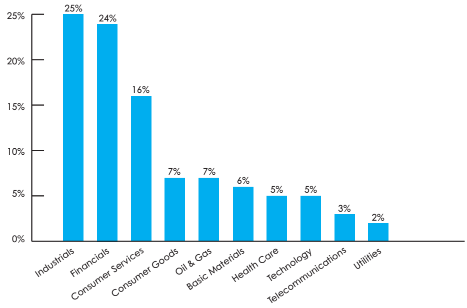
The distribution payable on 1 May 2011 is 2.9982p net per unit for distribution units.

Portfolio Information

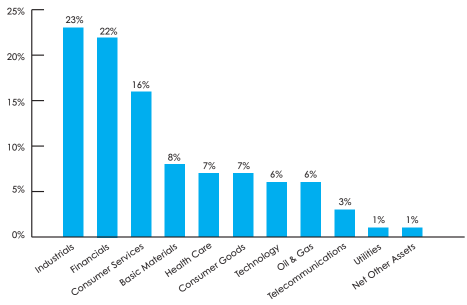
The top 10 holdings and their associated weighting for the current and preceding year are:

Top 10 Holdings at 2 March 2011		Top 10 Holdings at 2 March 2010	
Holding	**Percentage of Net Asset Value**	**Holding**	**Percentage of Net Asset Value**
HSBC Holdings	2.12%	BP	2.33%
BP	1.35%	HSBC Holdings	1.93%
Royal Dutch Shell (A)	1.33%	GlaxoSmithKline	1.39%
Vodafone Group	1.16%	Vodafone Group	1.24%
AstraZeneca	1.01%	BHP Billiton	1.18%
Royal Dutch Shell (B)	0.98%	AstraZeneca	1.13%
Rio Tinto	0.96%	Royal Dutch Shell (A)	0.98%
ITV	0.93%	Senior	0.92%
Dicom Group	0.88%	British American Tobacco	0.89%
British American Tobacco	0.86%	ITE Group	0.86%

Trust Holdings as at 2 March 2011



Trust Holdings as at 2 March 2010



Unit Price Range and Net Revenue

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2006	737.70p	590.20p	8.3488p
2007	789.60p	593.30p	9.7068p
2008	648.00p	328.60p	11.7418p
2009	544.10p	295.40p	10.3937p
2010	606.40p	459.10p	8.0528p
2011[(1)]	626.10p	567.70p	2.9982p

[(1)] The above table shows highest and lowest prices to 2 March 2011 and the net revenue per unit to 1 May 2011.

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Manager's Investment Report

During the year under review, the bid price of the Trust's distribution units increased by 15.68%. This compares to an increase of 13.32% in the composite benchmark (Source: Bloomberg). The composite benchmark consists of 22.5% of the FTSE 100 Index, 22.5% of the FTSE 250 Index and 55% of the FTSE Small Cap (excluding Investment Trusts) Index based on Price Return.

Past performance is not a guide to future performance.

The value of investments and income from them may go down as well as up.

Market/Economic Review

Volatility has characterised the last year, as concerns surrounding the viability of the global economic recovery permeated the investment environment. Equity investors hesitated between risk-on and risk-off trades, while shaky European sovereign (government) debt plagued bond investors as downgrades spread among the region's peripheral countries.

At the end of a choppy 2010, many developed market equity indices reached their highest levels since the Lehman Brothers crisis. Investors pushed aside concerns over sovereign debt problems in Europe, taking comfort from supportive macro data and the resolution of uncertainty over the extension of the Bush tax cuts. There was also supportive evidence of job growth in the US. Bonds underperformed equities, as yields pushed higher, reflecting investor concern over the sustainability of stimulus packages and the potential impact of improving growth and growing inflationary pressures. Meanwhile, commodities rallied as investors looked for inflation protection and anticipated increased demand on improving macroeconomic conditions.

January recorded mixed results for equity markets. Initially, markets rose on the back of a positive start to the US earnings season and continued strength in US macro data. However, the second half of the month saw increased headwinds for equities as geopolitical events led to increased risk aversion. The return gap between developed and developing markets widened as concerns about inflationary pressures and overheating in developing markets triggered underperformance. As a result, many themes, including gold and emerging markets, that had been profitable over the last 18 months reversed.

US equities continued to outperform as the US economy showed strength. Emerging market underperformance was most pronounced in Asia (excluding Japan) where equity investors were concerned about the ability of central banks to control inflation. Within fixed income credit, high yield bonds outperformed government bonds. Oil was particularly strong and gold advanced towards the end of the month as geopolitical risks mounted.

Trust Review

Investment activity within the Trust's portfolio was led by the changes in underlying benchmark indices and corporate activity.

The minimum size for constituents in FTSE Small Cap Index was set at £53.33 million. A band of 15% either side of £53.33 million was set for companies being promoted or demoted from the FTSE Small Cap Index.

There were 12 new additions to the FTSE Small Cap (excluding IT) Index. Of these five were demotions from the FTSE 250 Index (Brewin Dolphin Holdings (promoted to the FTSE 250 Index on 17 December 2010), HMV Group, F&C Asset Management, Melrose Resources, and Trinity Mirror) and seven were new additions to the FTSE All-Share Index (Tarsus Group, Carclo, Huntsworth, Metric Property Investments, Dialight, Trafficmaster (subsequently deleted from the Index after the acquisition by Vector Capital) and Volex Group). There were nine deletions from the FTSE Small Cap (excluding IT) Index.

The corporate action with the largest impact to the fund was the acquisition of Delta PLC by Valmont Industries for GBP 1.85 per share. Other significant corporate actions included the acquisition of Care UK by Warwick Bidco Group for GBP 4.5 per share, the acquisition of Spice PLC by Cilantro Acquisitions Limited, and the acquisition of Intec Telecom Systems by CSG Systems International.

The active portfolio outperformed its benchmark over the 12 months to the end of 2nd March 2011, driven by the strong performance of our sentiment theme. Within sentiment, the analyst data we collected to decipher the tone of the market was the most successful tool to aid our management, through our proprietary analyst signal (this is based on the ideas from up to 1,000 European analysts who BlackRock survey on a monthly basis). Throughout 2010 it was very much a market driven by momentum, with persisting trends. This led to earnings per share growth forecasts being revised up from just below 30% to almost 40% globally. Our industry selection process was recently enhanced and also aided performance during the period.

In February 2011, as investors sought out safe havens in the face of rising volatility, driven by the crisis in the Middle East, we performed well in stocks that produce, growing, high cash earnings on a stable asset base. Performance from 'value' stocks, which we believe are trading for less than they're worth, was volatile and detracted from performance overall. These stocks continued to behave as a proxy for risk for a large part of the period, where the cheapest stocks were simply the 'riskiest' stocks. The sharp reversal in risk appetite seen in the first half of 2010 resulted in a collapse in the returns from 'value' stocks. Late 2010 saw a recovery in 'value' stocks, as the fresh round of quantitative easing boosted risk appetite.

One of the largest positive contributors to relative performance was an overweight position in luxury goods manufacturer Burberry. The stock had a very strong 12 months, finishing over 80% up during the review year (Source: Bloomberg). Strong sales growth, improving margins and a strong presence in emerging markets, which continues to show a growing appetite for luxury goods, helped propel the stock higher. Positive scores from our momentum signals (a collection of signals that capture trends in stock prices), quality signals (a collection of signals which favour stocks that produce growing high cash earnings on a stable asset base) and tactical emerging markets signals (a signal that favours those stocks with significant sales exposure to emerging markets) motivated the overweight position.

Outlook

The recent geopolitical issues in the Middle East and North Africa have underpinned a significant rise in the oil price. The implications for the oil price would become a lot more severe if violence spreads to Saudi Arabia. That said, we believe that a prolonged slowdown in global growth resulting from higher oil prices is a low risk event during the current conflict and uncertainty.

We believe there will be a slow, but ultimately positive, growth and believe that equities will trend higher due to a more positive fundamental outlook and attractive valuations, particularly relative to bonds.

Lastly, we are aware that perhaps the biggest consensus view is that equities will lead 2011 market returns. We believe this is a case where the consensus can be right, but one should expect that conviction will be tested by periods of short-term profit-taking in the coming months.

BlackRock Advisors (UK) Limited
(Investment Adviser)
25 March 2011

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Call charges will vary. We may record and monitor calls.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the year under review and how it is invested at the year end. Further information on the activities and performance of the Trust can be obtained by telephoning 0370 050 0955 or by writing to the Manager.

Significant Changes

Calculation of Unit Prices

From 7 June 2010, the way we price units in this Trust has changed. Each day, two unit prices are calculated:

- The Creation Price — based on the price of buying all the Trust's assets plus any costs involved, and;
- The Cancellation Price — based on the price of selling all the Trust's assets less any costs involved.

The difference between these two prices is known as 'the spread'.

Prior to 7 June 2010, we based our daily dealing price on either the creation or cancellation price, depending on the volume of overall transactions in the Trust for that valuation point. Generally, we would use the creation price if we were selling more units to clients than we were buying back and the cancellation price if we were buying back more units from clients than we were selling. This price would then become the 'published bid price' — we would then add any applicable initial charge to arrive at the 'published offer price'.

From 7 June 2010, we have based the price of selling units to clients on the creation price and refer to this as the 'offer price' (creation price plus any initial charge). The price at which we buy back clients' units is based on the cancellation price and is referred to as the 'bid price'.

This means that there is a difference between the selling (offer) and buying (bid) prices for units, being the spread plus any initial charge.

Both the bid and offer prices are published on our website www.legalandgeneral.com/utprices.

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