

Cullen Funds Trust

Cullen High Dividend Equity Fund

SEMI-ANNUAL REPORT

December 31, 2008

CULLEN HIGH DIVIDEND EQUITY FUND

February 27, 2009

Dear Shareholder:

For the six months ended December 31, 2008, the Cullen High Dividend Equity Fund's performance was -19.75% versus -28.48% for the Standard & Poor's 500 Index ("S&P 500"). During this period, participants in equity markets reacted forcefully to seemingly never-ending negative economic events and news. Given the overall weakness in the economy, the fragility of the banking system, and the weak American housing market's negative impact to consumer spending, corporations, hedge funds and individuals continued to sell assets and deleverage. The associated downward selling pressure resulted in the worst year for the S&P 500 since 1937 and the worst year for the Dow Jones Industrial Average since 1931. Repeated attempts during 2008 by the U.S. government to plug holes and shore up specific industries, asset classes, and the economy in general have repeatedly run out of steam.

Portfolio Review

The Fund's outperformance was primarily due to allocation decisions, which resulted in approximately 6% outperformance against the S&P 500. Continued overweight allocations versus the S&P 500's average sector weights in traditionally defensive sectors including Telecommunications, Health Care, and Consumer Staples and our underweight allocations to Information Technology, Energy, and Industrials positively contributed to the outperformance. Our underweight allocations to Utilities and Consumer Discretionary and overweight allocations to Materials negatively contributed to the Fund's performance.

The Fund's outperformance was also due to stock selection decisions, which resulted in approximately 2% outperformance against the S&P 500. Stock selection decisions in Financials, Energy, and Health Care positively contributed to the Fund's performance. On the other hand, stock selection decisions in Consumer Staples, Utilities, and Materials negatively contributed to the Fund's performance.

Cash, which had an average balance of 9.59%, was also positive contributor to the Fund's outperformance during the period.

During the six months ended December 31, 2008, the Fund disposed of Allied Capital and added 3M Corporation, a multinational industrial conglomerate; AstraZeneca PLC (ADR), a U.K.-based large cap pharmaceutical company; and Nokia Corporation (ADR), a Finnish communications equipment manufacturer.

Outlook

The outlook for the U.S. economy remains weak. The housing market continues to decline, and consumer confidence levels remain depressed. We believe stocks will continue to exhibit a fair amount of volatility as the markets digest the conflicting influence of the US recession (13 months and counting) and the most aggressive stimulus measures ever taken by US policy makers. These measures include a \$750 billion stimulus package, \$350 billion of which is dedicated to the "Troubled Assets Relief Program." Further, the Federal Reserve is directly purchasing up to \$600 billion in debt issued or guaranteed by Fannie Mae and Freddie Mac and up to \$200 billion in consumer debt tied to credit card, car, and student loans.

Although stocks could be volatile for some time, we believe the Fund's strategy and positioning are well suited for this type of environment. We continue to prefer defensive sectors and stocks that exhibit predictable and stable cash flows, unlevered balance sheets, and high free cash flow yields. Whether we look at Price to Earnings ratios, Price to Book ratios, or Dividend Yield, we believe

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many securities are priced at compelling valuations. Interestingly, the dividend yield on the S&P 500 is now higher than the yield on the 10 Year U.S. Treasury Bond. The last time this circumstance occurred was in September 1962, and in the ensuing 5 year period, U.S. stocks returned 13.5% per annum, whereas the 10 year U.S. Treasury Bond returned 6.6% per annum.

Furthermore, when President Obama takes office as a first-term president seeking re-election, he has a strong incentive to take the necessary measures to bring the U.S. economy out of recession. We are also seeing governments around the world passing their own stimulus packages, including countries in Western Europe, China, India, and most recently Chile.

Finally, we have seen unprecedented levels of inflows into money market funds, creating a “cash bubble.” Concerned with market volatility, many investors are sitting in cash, with balances yielding at or near 0%. As a result, there are considerable cash balances waiting on the sidelines to be reinvested in the stock market once investor confidence returns. The relatively low valuations in the stock market coupled with worldwide stimulus packages and unprecedented investments in cash may create a dynamic position for long-term investors. While we cannot predict a market “bottom,” we believe the market is trading at a level that represents great value and presents attractive long-term investment opportunities. The current dividend yield on the portfolio as of 12/31/2008 is 5.5%, and dividends in the portfolio have grown by an average of 8.0% over the last year with 18 out of 25 companies increasing their dividend year on year. The 30-day SEC yield for the Cullen High Dividend Equity Fund, as of 12/31/2008, was 4.3%.

Summary

In summary, the risk-averse positioning of the Fund enabled us to significantly outperform the S&P 500 during the six-month period ended December 31, 2008 by 8.73%. We have been studying the market’s behavior for 40 years, and our studies continuously remind us that the stock market can be volatile in the short term, and, as we discussed earlier, 2008 was clearly a volatile year. However, we have always believed and advocated that if one uses a consistent valuation discipline, doesn’t react to headline news, and invests for the long term (i.e. 5 years), an investor has a good chance of achieving above-average results. This belief has not changed.



James P. Cullen
President/Portfolio Manager



John Gould
Executive Vice President/Portfolio Manager

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The above outlook reflects the opinions of the authors, is subject to change, is not guaranteed, and should not be considered investment advice.

Past performance does not guarantee future results. Mutual fund investing involves risk. Principal loss is possible. The Fund may also invest in medium-capitalization companies, which will involve additional risks such as limited liquidity and greater volatility.

Price to Earnings Ratio (P/E) is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the trailing 12-month earnings per share. Price to Book Ratio (P/B) compares a stock's market value to the value of total assets less total liabilities. Cash flow measures equals cash inflows minus cash outflows during a period.

The S&P 500 Index is an unmanaged index commonly used to measure performance of U.S. stocks. The Dow Jones Industrial Average is an unmanaged index of common stocks comprised of major industrial companies and assumes reinvestment of dividends. You cannot invest directly in an index.

Fund holdings and/or sector allocations are subject to change and are not recommendations to buy or sell any security. Please refer to the Schedule of Investments in the report for complete fund holdings information.

Current and future portfolio holdings are subject to risk.

Investment performance reflects fee waivers. In the absence of such waivers, total returns would be reduced.

Must be accompanied or preceded by a current prospectus.

The Cullen High Dividend Equity Fund is distributed by Quasar Distributors, LLC (2/09)

CULLEN HIGH DIVIDEND EQUITY FUND

STATEMENT OF ASSETS AND LIABILITIES As of December 31, 2008 (Unaudited)

Assets:

Investments, at value (cost of \$380,606,513)	\$310,148,781
Cash	8,885,809
Receivable for fund shares sold	3,421,828
Dividends and interest receivable	1,772,813
Prepaid expenses	36,184
Total assets	324,265,415

Liabilities:

Payable for securities purchased	10,779,048
Payable for fund shares purchased	715,446
Payable to Adviser	136,776
Distribution fees payable	61,345
Accrued administration expense	24,670
Accrued audit expense	21,884
Accrued custody expense	11,669
Accrued fund accounting expense	12,999
Accrued transfer agent expense	28,661
Other accrued expenses and liabilities	14,163
Total liabilities	11,806,661

Net assets

\$312,458,754

Net assets consist of:

Paid in capital	\$406,952,365
Accumulated net realized gain (loss) on investments	(24,035,879)
Net unrealized appreciation (depreciation) on investments	(70,457,732)
Total net assets	\$312,458,754

Retail Class:

Net assets applicable to outstanding Retail Class shares	\$ 74,175,207
Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value)	7,276,392
Net asset value, offering price and redemption price per share	\$ 10.19

Class C:

Net assets applicable to outstanding Class C shares	\$ 10,550,847
Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value)	1,037,061
Net asset value, offering price and redemption price per share	\$ 10.17

Class I:

Net assets applicable to outstanding Class I shares	\$227,732,700
Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value)	22,331,380
Net asset value, offering price and redemption price per share	\$ 10.20

The accompanying notes are an integral part of these financial statements.

CULLEN HIGH DIVIDEND EQUITY FUND

STATEMENT OF OPERATIONS Six Months Ended December 31, 2008 (Unaudited)

Investment income:	
Dividends (net of foreign taxes withheld of \$24,516)	\$ 7,503,663
Interest	273,302
Total investment income	<u>7,776,965</u>
Expenses:	
Investment advisory fees (Note 5)	1,709,932
Administration fees	150,074
Shareholder servicing fees	85,824
Distribution fees (Note 6)	
Distribution fees - Retail Class	76,664
Distribution fees - Class C	45,730
Registration and filing fees	25,396
Fund accounting fees	40,535
Professional fees	16,865
Custody fees	34,321
Shareholder reports	20,627
Insurance expense	7,912
Trustees' fees and expenses	12,224
Other expenses	184
Total expenses before reimbursement from Adviser	2,226,288
Expense reimbursement from Adviser	<u>(821,445)</u>
Net expenses	<u>1,404,843</u>
Net investment income	<u>6,372,122</u>
Realized and unrealized gain (loss):	
Net realized gain (loss) on investments	(13,760,704)
Net change in unrealized appreciation (depreciation) on investments	<u>(66,115,709)</u>
Net realized and unrealized gain (loss) on investments	<u>(79,876,413)</u>
Net decrease in net assets resulting from operations	<u><u>\$(73,504,291)</u></u>

The accompanying notes are an integral part of these financial statements.

CULLEN HIGH DIVIDEND EQUITY FUND

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended December 31, 2008 (Unaudited)	Year Ended June 30, 2008
Operations:		
Net investment income	\$ 6,372,122	\$ 13,153,435
Net realized gain (loss) on investments	(13,760,704)	(5,500,820)
Net change in unrealized appreciation (depreciation) of investments	<u>(66,115,709)</u>	<u>(60,905,454)</u>
Net increase (decrease) in net assets resulting from operations	<u>(73,504,291)</u>	<u>(53,252,839)</u>
Capital Share Transactions:		
Proceeds from shares sold		
Retail Class shares	46,883,213	31,506,291
Class C shares	3,408,538	1,281,647
Class I shares	34,015,260	73,432,634
Proceeds from shares issued to holders in reinvestment of dividends		
Retail Class shares	1,180,712	4,287,468
Class C shares	127,113	704,318
Class I shares	2,289,857	9,867,333
Cost of shares redeemed		
Retail Class shares	(19,705,179)	(23,074,053)
Class C shares	(846,994)	(1,967,027)
Class I shares	<u>(50,942,404)</u>	<u>(88,823,333)</u>
Net increase in net assets from capital share transactions	<u>16,410,116</u>	<u>7,215,278</u>
Distributions to Shareholders From:		
Net investment income		
Retail Class	(1,213,370)	(1,952,183)
Class C	(145,826)	(269,307)
Class I	(5,315,381)	(11,789,923)
Net realized gains		
Retail Class	—	(2,387,404)
Class C	—	(448,199)
Class I	—	<u>(14,096,395)</u>
Total distributions	<u>(6,674,577)</u>	<u>(30,943,411)</u>
Total increase (decrease) in net assets	(63,768,752)	(76,980,972)
Net Assets:		
Beginning of year	<u>376,227,506</u>	<u>453,208,478</u>
End of year (includes (\$278,960) and \$23,495 of undistributed net investment income (loss), respectively)	<u>\$312,458,754</u>	<u>\$376,227,506</u>

The accompanying notes are an integral part of these financial statements.

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FINANCIAL HIGHLIGHTS

	Retail Class					
	Six Months Ended December 31, 2008 (Unaudited)	2008	Year Ended June 30,			August 1, 2003+ to June 30, 2004
		2007	2006	2005	2004	
Net Asset Value – Beginning of Period	\$12.96	\$15.95	\$13.55	\$12.43	\$11.45	\$10.00
Income from Investment Operations:						
Net investment income	0.21	0.47	0.42	0.33	0.23	0.27
Investment restriction violation (Note 7)	—	0.02	—	—	—	—
Net realized and unrealized gain (loss) on investments	(2.76)	(2.39)	2.46	1.14	0.95	1.33
Total from investment operations	(2.55)	(1.90)	2.88	1.47	1.18	1.60
Less Distributions:						
Dividends from net investment income	(0.22)	(0.47)	(0.48)	(0.33)	(0.17)	(0.15)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)	—
Return of capital	—	—	—	(0.01)	—	—
Total distributions	(0.22)	(1.09)	(0.48)	(0.35)	(0.20)	(0.15)
Net Asset Value – End of Period	\$10.19	\$12.96	\$15.95	\$13.55	\$12.43	\$11.45
Total Return	(19.75)% ⁽¹⁾	(12.68)% ⁽⁴⁾	21.50%	11.90%	10.27%	15.98% ⁽¹⁾
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$74,175	\$60,062	\$59,976	\$13,981	\$6,463	\$1,760
Ratio of expenses to average net assets:						
Before expense reimbursement	1.48% ⁽²⁾	1.47%	1.46%	1.55%	3.27%	16.27% ⁽²⁾
After expense reimbursement	1.00% ⁽²⁾	1.00%	1.00%	1.00%	1.06% ⁽³⁾	1.50% ⁽²⁾
Ratio of net investment income to average net assets:						
Before expense reimbursement	3.06% ⁽²⁾	2.49%	2.89%	2.39%	1.08%	(12.41)% ⁽²⁾
After expense reimbursement	3.54% ⁽²⁾	2.96%	3.35%	2.94%	3.29%	2.36% ⁽²⁾
Portfolio turnover rate	1% ⁽¹⁾	31%	31%	6%	35%	29% ⁽¹⁾

+ Commencement of operations was August 1, 2003.

(1) Not Annualized.

(2) Annualized.

(3) Effective October 7, 2004, the Adviser contractually agreed to lower the net annual operating expense ratio from 1.50% to 1.00%.

(4) Includes increase from payments made by Adviser of 0.06% and dividends received of 0.03% related to securities held in violation of investment restrictions. Without these transactions, total return would have been (12.77)%. Please refer to Note 7 for further details.

The accompanying notes are an integral part of these financial statements.

CULLEN HIGH DIVIDEND EQUITY FUND

FINANCIAL HIGHLIGHTS

	Class C				
	Six Months Ended December 31, 2008 (Unaudited)		Year Ended June 30, 2007 2006 2005+		
	2008	2008	2007	2006	2005+
Net Asset Value – Beginning of Period	\$12.94	\$15.93	\$13.53	\$12.41	\$11.87
Income from Investment Operations:					
Net investment income	0.15	0.36	0.37	0.20	0.20
Investment restriction violation (Note 7)	—	0.02	—	—	—
Net realized and unrealized gain (loss) on investments	(2.74)	(2.39)	2.40	1.17	0.49
Total from investment operations	(2.59)	(2.01)	2.77	1.37	0.69
Less Distributions:					
Dividends from net investment income	(0.18)	(0.36)	(0.37)	(0.23)	(0.12)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)
Return of capital	—	—	—	(0.01)	—
Total distributions	(0.18)	(0.98)	(0.37)	(0.25)	(0.15)
Net Asset Value – End of Period	<u>\$10.17</u>	<u>\$12.94</u>	<u>\$15.93</u>	<u>\$13.53</u>	<u>\$12.41</u>
Total Return	(20.07)% ⁽¹⁾ (13.34)% ⁽³⁾		20.65%	11.13%	5.79% ⁽¹⁾
Ratios and Supplemental Data:					
Net assets, end of period (thousands)	\$10,551	\$9,847	\$12,106	\$8,040	\$3,007
Ratio of expenses to average net assets:					
Before expense reimbursement	2.23% ⁽²⁾	2.22%	2.21%	2.30%	3.03% ⁽²⁾
After expense reimbursement	1.75% ⁽²⁾	1.75%	1.75%	1.75%	1.74% ⁽²⁾
Ratio of net investment income to average net assets:					
Before expense reimbursement	2.31% ⁽²⁾	1.74%	2.14%	1.64%	2.12% ⁽²⁾
After expense reimbursement	2.79% ⁽²⁾	2.21%	2.60%	2.19%	3.41% ⁽²⁾
Portfolio turnover rate	1% ⁽¹⁾	31%	31%	6%	35% ⁽¹⁾

+ Commencement of operations was October 7, 2004.

(1) Not Annualized.

(2) Annualized.

(3) Includes increase from payments made by Adviser of 0.06% and dividends received of 0.03% related to securities held in violation of investment restrictions. Without these transactions, total return would have been (12.77)%. Please refer to Note 7 for further details.

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CULLEN HIGH DIVIDEND EQUITY FUND

FINANCIAL HIGHLIGHTS

	Class I				
	Six Months Ended December 31, 2008 (Unaudited)	2008	Year Ended June 30,		
		2007	2006	2005+	
Net Asset Value – Beginning of Period	\$12.97	\$15.96	\$13.55	\$12.42	\$11.87
Income from Investment Operations:					
Net investment income	0.22	0.51	0.53	0.39	0.18
Investment restriction violation (Note 7)	—	0.02	—	—	—
Net realized and unrealized gain (loss) on investments	(2.76)	(2.39)	2.40	1.12	0.59
Total from investment operations	(2.54)	(1.86)	2.93	1.51	0.77
Less Distributions:					
Dividends from net investment income	(0.23)	(0.51)	(0.52)	(0.36)	(0.19)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)
Return of capital	—	—	—	(0.01)	—
Total distributions	(0.23)	(1.13)	(0.52)	(0.38)	(0.22)
Net Asset Value – End of Period	<u>\$10.20</u>	<u>\$12.97</u>	<u>\$15.96</u>	<u>\$13.55</u>	<u>\$12.42</u>
Total Return	(19.72)% ⁽¹⁾	(12.46)% ⁽³⁾	21.86%	12.25%	6.48% ⁽¹⁾
Ratios and Supplemental Data:					
Net assets, end of period (thousands)	\$227,732	\$306,319	\$381,126	\$208,027	\$36,254
Ratio of expenses to average net assets:					
Before expense reimbursement	1.23% ⁽²⁾	1.22%	1.21%	1.30%	1.97% ⁽²⁾
After expense reimbursement	0.75% ⁽²⁾	0.75%	0.75%	0.75%	0.75% ⁽²⁾
Ratio of net investment income to average net assets:					
Before expense reimbursement	3.31% ⁽²⁾	2.74%	3.14%	2.64%	2.19% ⁽²⁾
After expense reimbursement	3.79% ⁽²⁾	3.21%	3.60%	3.19%	3.41% ⁽²⁾
Portfolio turnover rate	1% ⁽¹⁾	31%	31%	6%	35% ⁽¹⁾

+ Commencement of operations was October 7, 2004.

(1) Not Annualized.

(2) Annualized.

(3) Includes increase from payments made by Adviser of 0.06% and dividends received of 0.03% related to securities held in violation of investment restrictions. Without these transactions, total return would have been (12.77)%. Please refer to Note 7 for further details.

The accompanying notes are an integral part of these financial statements.

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SCHEDULE OF INVESTMENTS

December 31, 2008 (Unaudited)

	Shares	Value
COMMON STOCKS 92.66%		
Beverages 3.00%		
Diageo PLC - ADR (a)	165,000	\$ 9,362,100
Chemicals 1.72%		
The Dow Chemical Co.	357,000	<u>5,387,130</u>
Commercial Banks 2.44%		
Bank of America Corp.	540,900	<u>7,615,872</u>
Communications Equipment 1.94%		
Nokia OYJ - ADR (a)	389,350	<u>6,073,860</u>
Construction Materials 0.83%		
Cemex SA de CV - ADR (a)	282,227	<u>2,579,555</u>
Distributors 3.12%		
Genuine Parts Co.	257,700	<u>9,756,522</u>
Diversified Financial Services 3.21%		
J.P. Morgan Chase & Co.	317,650	<u>10,015,505</u>
Diversified Telecommunication Services 7.75%		
AT&T, Inc.	406,350	11,580,975
Verizon Communications, Inc.	372,950	<u>12,643,005</u>
		<u>24,223,980</u>
Electric Utilities 2.80%		
Cia Energetica de Minas Gerais - ADR (a)	636,224	<u>8,741,718</u>
Food Products 11.01%		
HJ Heinz Co.	291,350	10,954,760
Kraft Foods, Inc.	416,132	11,173,144
Unilever NV - ADR (a)	500,000	<u>12,275,000</u>
		<u>34,402,904</u>
Household Products 3.39%		
Kimberly-Clark Corp.	200,950	<u>10,598,103</u>
Industrial Conglomerates 4.99%		
3M Co.	160,350	9,226,539
General Electric Co.	392,700	<u>6,361,740</u>
		<u>15,588,279</u>

The accompanying notes are an integral part of these financial statements.

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SCHEDULE OF INVESTMENTS – Continued December 31, 2008 (Unaudited)

	Shares	Value
Oil & Gas 7.19%		
ChevronTexaco Corp.	182,000	\$ 13,462,540
PetroChina Co., Ltd. - ADR (a)	101,150	9,000,327
		<u>22,462,867</u>
Petroleum Refining 3.56%		
BP PLC - ADR (b)	237,900	11,119,446
Pharmaceuticals 17.63%		
AstraZeneca PLC - ADR (a)	222,100	9,112,763
Bristol-Myers Squibb Co.	566,700	13,175,775
Eli Lilly & Co.	295,000	11,879,650
GlaxoSmithKline PLC - ADR (a)	232,050	8,648,503
Johnson & Johnson	205,000	12,265,150
		<u>55,081,841</u>
Real Estate 8.52%		
HCP, Inc.	450,000	12,496,500
Health Care REIT, Inc.	335,000	14,137,000
		<u>26,633,500</u>
Tobacco 6.27%		
Altria Group, Inc.	658,650	9,919,269
Philip Morris International, Inc.	222,000	9,659,220
		<u>19,578,489</u>
Wireless Telecommunication Services 3.29%		
Vodafone Group PLC - ADR (a)	503,400	10,289,496
Total Common Stocks (Cost \$350,777,632)		<u>289,511,167</u>
PREFERRED STOCKS 0.93%		
Ford Motor Co. Capital Trust II	323,800	2,923,914
Total Preferred Stocks (Cost \$12,115,181)		<u>2,923,914</u>

The accompanying notes are an integral part of these financial statements.

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SCHEDULE OF INVESTMENTS – Continued December 31, 2008 (Unaudited)

	Principal Amount	Value
SHORT-TERM INVESTMENTS 5.67%		
Commercial Paper 0.41%		
General Electric, 02/09/2009	\$ 1,290,000	\$ 1,289,579
Total Commercial Paper (Cost \$1,289,579)		<u>1,289,579</u>
Variable Rate Demand Notes# 5.26%		
American Family Financial Services 0.1001%	3,976,044	3,976,044
Wisconsin Corporate Central Credit Union 0.0225%	12,448,077	12,448,077
Total Variable Rate Demand Notes (Cost \$16,424,121)		<u>16,424,121</u>
Total Short-Term Investments (Cost \$17,713,700)		<u>17,713,700</u>
TOTAL INVESTMENTS 99.26%		
(Cost \$380,606,513)		310,148,781
Other Assets in Excess of Liabilities 0.74%		<u>2,309,973</u>
TOTAL NET ASSETS 100.00%		<u><u>\$312,458,754</u></u>

Percentages are stated as a percent of net assets.

ADR American Depository Receipt

(a) Foreign Issued Security

Variable rate demand notes are considered short-term obligations and are payable on demand. Interest rates change periodically on specified dates. The rates listed are as of December 31, 2008.

The accompanying notes are an integral part of these financial statements.

CULLEN HIGH DIVIDEND EQUITY FUND

SCHEDULE OF INVESTMENTS – Continued December 31, 2008 (Unaudited)

FAS 157 – Summary of Fair Value Exposure at December 31, 2008

Various inputs are used in determining the value of the Fund's investments, which are summarized as follows:

Level 1 – Quoted prices in active markets for identical securities

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's net assets as of December 31, 2008:

<u>Description</u>	<u>Investments in Securities</u>
Level 1 – Quoted prices in active markets for identical securities	\$292,435,081
Level 2 – Other significant observable inputs	17,713,700
Level 3 – Significant unobservable inputs	—
Total	<u>\$310,148,781</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS December 31, 2008 (Unaudited)

1. Organization

The Cullen Funds Trust (the “Trust”) is an open-end management investment company created as a Delaware business trust on March 25, 2000 and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust currently offers two series of shares to investors, the Cullen High Dividend Equity Fund (the “Fund”) and the Cullen International High Dividend Fund (collectively, the “Funds”). The Funds are open end, diversified management investment companies registered under the 1940 Act. The investment objective of the Fund is long-term capital appreciation and current income. The Fund’s Retail Class commenced operations on August 1, 2003. The Fund’s Class C and Class I shares commenced operations on October 7, 2004.

The Fund offers Retail Class, Class C and Class I shares. Each class of shares differs principally in its respective administration, transfer agent, and distribution expenses. Each class of shares has identical rights to earnings, assets, and voting privileges, except for class-specific expenses and exclusive rights to vote on matters affecting only individual classes.

2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States.

- a) Valuation of Securities – Securities that are primarily traded on a national or foreign securities exchange are valued at the last sales price on the exchange on which they are primarily traded on the day of valuation or, if there has been no sale on such day, at the mean between the bid and asked prices. Securities primarily traded in the National Association of Securities Dealers Automated Quotation (“NASDAQ”) National Market System for which market quotations are readily available are valued using the NASDAQ Official Closing Price (“NOCP”). If the NOCP is not available, such securities are valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. Any securities or other assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Valuation Committee of the Fund’s Board of Trustees under supervision of the full Board.
- b) Distributions to Shareholders – Dividends from net investment income, if any, are declared and paid monthly. Dividends from realized capital gains, if any, are declared and paid at least annually.

NOTES TO FINANCIAL STATEMENTS – Continued
December 31, 2008 (Unaudited)

2. Significant Accounting Policies – Continued

- c) Federal Income Taxes – The Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders in a manner which results in no tax cost to the Fund. Therefore, no federal income or excise tax provision is recorded.

Effective July 1, 2007, the Fund adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes.” FIN 48 requires the evaluation of tax positions taken on previously filed tax returns or expected to be taken on future returns. These positions must meet a “more-likely-than-not” standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained upon examination. In evaluating whether a tax position has met the recognition threshold, the Fund must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positions not deemed to meet the “more-likely-than-not” threshold are recorded as a tax expense in the current year.

FIN 48 requires the Fund to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions. Open tax years are those that are open for exam by taxing authorities. Major jurisdictions for the Fund include Federal and the state of New York. As of December 31, 2008, open Federal and New York tax years include the tax years ended June 30, 2006 through 2008. The Fund has no examination in progress.

FIN 48 resulted in no effect to the Fund’s financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended June 30, 2008. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

- d) Options Transactions – For hedging purposes and in order to generate additional income, the Fund may write (or sell) call options on a covered basis. Premiums received on the sale of such options are expected to enhance the income of the Fund.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from writing options which expire unexercised are recorded by the Fund on the expiration date as realized gains from option transactions. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if

NOTES TO FINANCIAL STATEMENTS – Continued
December 31, 2008 (Unaudited)**2. Significant Accounting Policies – Continued**

the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security when determining whether the Fund has realized a gain or loss associated with the option. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of an option written by the Fund could result in the Fund selling a security at a price different from the current market price. There were no call options written during the six months ended December 31, 2008 and the years ended June 30, 2008, 2007, or 2006, respectively.

- e) Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates and assumptions.
- f) Guarantees and Indemnification – In the normal course of business the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Based on experience, however, the Fund expects the risk of loss to be remote.
- g) Fair Value Measurements – In September 2006, Statement on Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”), was issued. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS 157 also establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements) when market prices are not readily available or reliable. The Fund adopted the provisions of SFAS 157 July 1, 2008.
- h) Recently Issued Accounting Pronouncement – In March 2008, Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”), was issued. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity’s results of operations and financial position. SFAS 161 is effective for the Fund for the fiscal year beginning July 1, 2009, and management is still evaluating whether the adoption will impact the Fund’s financial statements.

CULLEN HIGH DIVIDEND EQUITY FUND

NOTES TO FINANCIAL STATEMENTS – Continued December 31, 2008 (Unaudited)

2. Significant Accounting Policies – Continued

- i) Other – Investment and shareholder transactions are recorded on trade date. The Fund determines the gain or loss realized from the investment transactions by comparing the original cost of the security lot sold with the net sales proceeds on a high cost basis. Dividend income is recognized on the ex-dividend date or as soon as information is available to the Fund and interest income is recognized on an accrual basis. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its respective shares outstanding.

3. Capital Share Transactions

Share transactions were as follows:

	Retail Class Six Months Ended December 31, 2008 (Unaudited)	Class C Six Months Ended December 31, 2008 (Unaudited)	Class I Six Months Ended December 31, 2008 (Unaudited)
Shares sold	4,343,586	339,374	3,119,086
Shares reinvested	106,855	11,518	203,929
Shares redeemed	(1,807,982)	(74,888)	(4,617,991)
Net increase (decrease)	2,642,459	276,004	(1,294,976)
Shares outstanding:			
July 1, 2008	4,633,933	761,057	23,626,356
December 31, 2008	7,276,392	1,037,061	22,331,380
	Retail Class	Class C	Class I
	Year Ended June 30, 2008	Year Ended June 30, 2008	Year Ended June 30, 2008
Shares sold	2,169,803	86,876	5,014,810
Shares reinvested	288,048	47,200	663,315
Shares redeemed	(1,583,071)	(132,930)	(5,934,404)
Net increase (decrease)	874,780	1,146	(256,279)
Shares outstanding:			
July 1, 2007	3,759,153	759,911	23,882,635
June 30, 2008	4,633,933	761,057	23,626,356

CULLEN HIGH DIVIDEND EQUITY FUND

NOTES TO FINANCIAL STATEMENTS – Continued December 31, 2008 (Unaudited)

4. Investment Transactions

Purchases and sales of investments, excluding short-term investments, for the six months ended December 31, 2008 were \$43,308,015 and \$1,576,275, respectively.

As of June 30, 2008, the Fund's most recent fiscal year end, the components of accumulated earnings (losses) for income tax purposes were as follows:

Cost of investments (a)	<u>\$376,452,531</u>
Gross unrealized appreciation	30,003,086
Gross unrealized depreciation	<u>(34,391,880)</u>
Net unrealized depreciation	<u>(4,388,794)</u>
Undistributed ordinary income	—
Undistributed long-term capital gain	—
Total distributable earnings	—
Other accumulated gains (losses)	<u>(10,204,909)</u>
Total accumulated earnings	<u>\$ (14,593,703)</u>

(a) Represents cost for federal income tax purposes and differs from the cost for financial reporting purposes. Those differences primarily relate to wash sale adjustments due to investments in Trust Preferred Securities.

The Fund may periodically make reclassifications among certain of its capital accounts as a result of the recognition and characterization of certain income and capital gain distributions determined annually in accordance with federal tax regulations, which may differ from accounting principles generally accepted in the United States. These principles require that permanent financial reporting and tax differences be reclassified in the capital accounts. The Fund had \$10,363,762 post-October loss deferrals as of June 30, 2008. This loss is treated as occurring on July 1, 2008 for tax purposes. Further, as a result of permanent book-to-tax differences arising from differing treatment of certain income items, reclassification adjustments were made to increase (decrease) the accounts below:

<u>Paid-in Capital</u>	<u>Undistributed Net Investment Income</u>	<u>Undistributed Net Realized Gain</u>
\$(559,120)	\$814,845	\$(255,725)

The tax composition of dividends paid during the six months ended December 31, 2008 and the year ended June 30, 2008 was as follows:

	<u>December 31, 2008</u>	<u>June 30, 2008</u>
Ordinary Income	\$6,674,577	\$16,043,745
Long-Term Capital Gain	—	14,899,666

CULLEN HIGH DIVIDEND EQUITY FUND

NOTES TO FINANCIAL STATEMENTS – Continued December 31, 2008 (Unaudited)

5. Investment Advisory and Other Agreements

The Trust has an agreement with Cullen Capital Management LLC (the “Adviser”), with which certain officers and trustees of the Trust are affiliated, to furnish investment advisory services to the Fund. Under the terms of the agreement, the Fund will compensate the Adviser for its management services at the annual rate of 1.00% of the Fund’s average daily net assets. Through October 31, 2009, the Adviser agreed to waive its fees and absorb expenses to the extent that the Fund’s total annual operating expenses (excluding taxes) exceed 1.00% of the Fund’s net assets for Retail Class shares, 1.75% for Class C Shares and 0.75% for Class I Shares. For a period of three years after the year in which the Adviser waives or reimburses expenses, the Adviser may seek reimbursement from the Fund to the extent that total annual Fund operating expenses are less than the expense limitation in effect at the time of the waiver or reimbursement. The Adviser waived or reimbursed expenses of \$821,445 associated with the Fund for the six months ended December 31, 2008.

As of December 31, 2008, reimbursed expenses for the Fund subject to potential recovery by year of expiration are as follows:

<u>Year of Expiration</u>	<u>Amount</u>
June 30, 2009	\$709,832
June 30, 2010	\$1,779,099
June 30, 2011	\$1,964,371
June 30, 2012	\$821,445

Recoupment of class-specific expenses reimbursed/absorbed by the Adviser will be performed on a class-by-class basis.

U.S. Bancorp Fund Services, LLC serves as transfer agent, administrator and accounting services agent for the Trust. U.S. Bank, N.A. serves as custodian for the Fund.

6. Distribution Plan

The Fund has adopted a Service and Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan authorizes payments by the Fund in connection with the distribution of its shares at an annual rate, as determined from time to time by the Board of Trustees, of up to 0.25% of average daily net assets for the Fund’s Retail Class shares. The Fund’s Class C shares allow for up to 1.00% of average daily net assets, of which 0.75% may be paid as a distribution fee and 0.25% for certain shareholder services to shareholders. Amounts paid under the Plan by the Fund may be spent by the Fund on any activities or expenses primarily intended to result in the sale of shares of the Fund. This may include, but is not limited to, advertising, compensation for sales and marketing activities of financial institutions and others such as dealers and distributors, shareholder account servicing, the printing and mailing of prospectuses to other than current

NOTES TO FINANCIAL STATEMENTS – Continued
December 31, 2008 (Unaudited)

6. Distribution Plan – Continued

shareholders and the printing and mailing of sales literature. The Fund incurred expenses totaling \$76,664 for the Retail Class shares and \$45,730 for Class C shares pursuant to the Plan for the six months ended December 31, 2008.

7. Adviser Reimbursement for Loss Due to Investment Restriction

On November 5, 2007, the Fund received a reimbursement from the Adviser related to a net loss incurred on disposal of an investment that was purchased in violation of the Fund's investment restrictions. The loss realized from the sale of this investment was \$432,636. During the time the investment was held, a dividend of \$159,537 was received. As a result, the net amount of loss to the Fund was \$273,099, which is the amount that the Adviser reimbursed to the Fund. The reimbursement and dividend income comprise the "net increase from payments by affiliates, dividend income received and net gains (losses) realized on the disposal of investments in violation of restrictions" in the statement of operations. In addition, the Adviser reimbursed the Fund for the foregone interest that would have theoretically been earned during the period which this investment was held. The amount of the income reimbursement totaled \$1,493. This amount is reflected as interest income in the Statement of Operations.

8. Federal Tax Information (Unaudited)

The Fund has designated 98% of the dividends declared from net investment income during the year ended June 30, 2008 as qualified dividend income under the Jobs Growth and Tax Reconciliation Act of 2003.

For the year ended June 30, 2008, 74% of the ordinary distributions paid by the Fund qualify for the dividend received deduction available to corporate shareholders.

For the year ended June 30, 2008, 13.12% of taxable ordinary income distributions are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(c) was 13.12%.

For the year ended June 30, 2008, 3.60% of taxable ordinary income distributions was qualified interest income.

EXPENSE EXAMPLE December 31, 2008 (Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; service fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2008 to December 31, 2008.

Actual Expenses

The first portion of the table below provides information about actual account values and actual expenses. Although the Fund charges no sales loads or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Fund's transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Fund's transfer agent. IRA accounts will be charged a \$15.00 annual maintenance fee. The examples below include, but are not limited to, management fees, shareholder servicing fees, fund accounting, custody and transfer agent fees. However, the examples below do not include portfolio trading commissions and related expenses. You may use the information within this portion of the table, together with the amount you invested, to estimate the expenses that you paid over the six-month period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period", to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second portion in the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, redemption fees, or exchange fees. Therefore, the second portion of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

CULLEN HIGH DIVIDEND EQUITY FUND

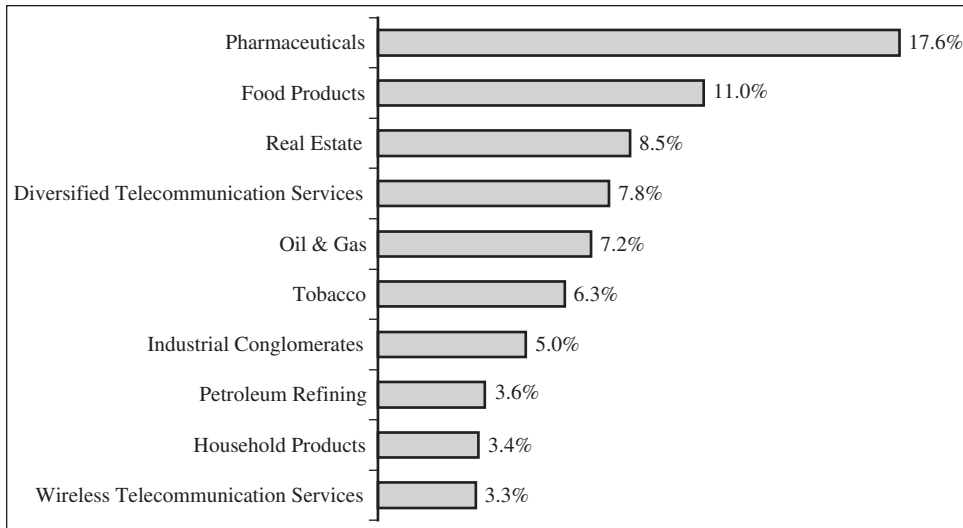
EXPENSE EXAMPLE – Continued December 31, 2008 (Unaudited)

	<u>Beginning Account Value 7/1/08</u>	<u>Ending Account Value 12/31/08</u>	<u>Expenses Paid During Period⁽¹⁾ 7/1/08 – 12/31/08</u>
Actual			
High Dividend Equity Fund			
Retail Class	\$1,000.00	\$ 802.50	\$4.54
Class C	\$1,000.00	\$ 799.30	\$7.94
Class I	\$1,000.00	\$ 802.80	\$3.41
Hypothetical (5% return before expenses)			
High Dividend Equity Fund			
Retail Class	\$1,000.00	\$1,020.16	\$5.09
Class C	\$1,000.00	\$1,016.38	\$8.89
Class I	\$1,000.00	\$1,021.42	\$3.82

(1) Expenses are equal to the High Dividend Equity Fund's Retail Class, Class C and Class I expense ratios of 1.00%, 1.75% and 0.75%, respectively, multiplied by the average account value over the period, multiplied by 184/365 days (to reflect one half-year period).

CULLEN HIGH DIVIDEND EQUITY FUND

Top 10 Industries – As of December 31, 2008 (Unaudited)



Percentages are based upon net assets.

This report and the financial statements contained herein are submitted for the general information of the shareholders of the Fund. This report may be distributed to others only if preceded or accompanied by a current prospectus. The Fund is distributed by Quasar Distributors, LLC, a member of the NASD.

How to Obtain a Copy of the Fund's Proxy Voting Policy

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge upon request by calling 1-877-485-8586; (2) at www.cullenfunds.com; and (3) on the U.S. Securities and Exchange Commission's website at www.sec.gov. The Fund's proxy voting record is available on the SEC's website at www.sec.gov no later than August 31 for the prior 12 months ended June 30.

Quarterly Filings on Form N-Q

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at www.sec.gov. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Information included in the Fund's Form N-Q is also available upon request by calling 1-877-485-8586.

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INVESTMENT ADVISER

Cullen Capital Management LLC
New York, New York

DISTRIBUTOR

Quasar Distributors, LLC
Milwaukee, Wisconsin

**INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

LEGAL COUNSEL

Sidley Austin LLP
Chicago, Illinois

**ADMINISTRATOR, TRANSFER AGENT,
AND FUND ACCOUNTANT**

U.S. Bancorp Fund Services, LLC
Milwaukee, Wisconsin

CUSTODIAN

U.S. Bank, N.A.
Milwaukee, Wisconsin