

# Cullen Funds Trust

Cullen High Dividend Equity Fund

ANNUAL REPORT

June 30, 2009



# CULLEN HIGH DIVIDEND EQUITY FUND

August 28, 2009

Dear Shareholder:

For the twelve months ended June 30, 2009, the Cullen High Dividend Equity Fund's Retail Class performance was -23.20% versus -26.21% for the Standard & Poor's 500 Index ("S&P 500").

## Portfolio Review

The Portfolio's outperformance was primarily due to allocation decisions, which contributed approximately 3% of the Fund's outperformance against the S&P 500 during the period. 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 Information Technology, Materials, and Consumer Discretionary negatively contributed to the Fund's performance. To a lesser extent, the Fund's outperformance was also due to stock selection decisions, which contributed approximately 0.2% of the Fund's outperformance against the S&P 500 during the period. Finally, cash, which had an average balance of 11%, also positively contributed approximately 1% to the Fund's outperformance during the period.

During the fiscal year ended June 30, 2009, the Fund made the following purchases and sales:

Purchases	Sales
3M Co.	Allied Capital Corp.
ABB Ltd. (ADR)	Bank of America Corp.
AstraZeneca PLC (ADR)	Cernex S.A.B. de C.V. (ADR)
Boeing Co.	Dow Chemical Co.
FPL Group Inc.	GlaxoSmithKline PLC (ADR)
HSBC Holdings PLC (ADR)	HCP Inc.
Microsoft Corp.	JPMorgan Chase & Co.
Morgan Stanley	Ford Motor Preferred Stock
Nokia Corp. (ADR)	
Travelers Cos. Inc.	

## Outlook

We have long maintained the opinion that the most important thing about bear markets as they relate to recessions is that the stock market usually turns up long before the recession ends and often while headline news is at its worst. At the March 2009 lows, the S&P 500 was down 56% from its 2007 high, corporate earnings were down 50-60% from estimates of a year ago, and the economic news just seemed to be getting worse as the recession wore on. From our perspective, as investors that adhere to a strict valuation discipline and 5-year time horizon, the best time to invest is when earnings are down and the market

is at multi-year lows, as historically that's when we have seen the best 5-year returns for value investors. According to our research, in the 5-year periods following the 1973-1974 and 1981 recessions, the 100 stocks at the beginning of each year with the lowest P/E ratios in the S&P 500 returned 26.5% annualized and 34.3% annualized, respectively. The same trend even held true after the Great Depression of the 1930's. By the middle of 1932, the market was down 85%, and the market started a major rally in the face of continuing bad economic news. In fact, the economy continued to worsen, corporate earnings deteriorated, and unemployment continued to rise while the market rallied. And, once the first major market rally occurred, it broke the back of the bear market and set the stage for a 5-year recovery where the S&P 500 returned 350%. The historical data suggests that once a bear market has run its course and you see an initial rally, the market can begin recovery even if the recession is not completely over. Combine such a recovery with the sizable amount of cash currently invested in savings deposits and money market funds giving investors incredibly low rates of return, and the risk/reward for equities currently looks very appealing from our perspective.

The recovery period may not be completely smooth, as after all major market drops, the market struggles with conflicting economic news during the initial phases of the recovery. However, if investors wait for all the economic indicators to turn up before investing, they usually will miss the best opportunity to re-enter the market since by the time corporate earnings turn up, the market is usually in a full new bull market. The period of early recovery is a key time for investors to re-enter the market, provided they use a strict price discipline and 5-year time horizon.

The market rally that began in March was typical of the first major rally in a new bull market, where short covering becomes a dominant force and low quality stocks lead the rally. The March/April 2009 rally was no exception; the companies that outperformed were those with unfavorable credit ratings, no relative earnings, and no dividend – most notably Financial and Consumer Discretionary companies. However, as market rallies continue, historically they broaden out, which is what we've seen since May 2009 when the rally began to include Energy, Healthcare, Materials, and Consumer Staples companies. This has positive implications for the sustainability of the recovery, as companies with stronger fundamentals are beginning to participate in the market appreciation. Historically, the strategy has performed well in this environment.

In the Fund's portfolio, we continue to favor recovery through multinational industrial, consumer goods and healthcare companies with predictable and stable cash flows, dividend support, and strong balance sheets. As a result, the portfolio has benefited from the recent broadening of the market rally and is well-positioned to take advantage of a sustained recovery. The portfolio benefited over the past two years from its defensive positioning and overweight positions in Consumer Staples and Healthcare. However, over the past several months, we have gradually been shifting into more cyclical, growth-oriented stocks, such as Microsoft, Boeing, and Morgan Stanley, which we have been able to purchase at historically low valuation levels. And, as the bear market continues to

## CULLEN HIGH DIVIDEND EQUITY FUND

show signs of coming to an end, we will likely drift away from our defensive positioning and continue to buy more cyclical names thereby positioning the portfolio for a possible recovery.

We are seeing signs of recovery in the U.S. economy and stock market as the market rally has gained strength and the economic data points have started to show improvement. Money market funds and savings deposits investors are becoming less risk averse given their recent level of withdrawals. And, although money market fund assets as a percentage of US stock market capitalization are down from March 2009 highs, they are still two times higher than the long-term average, signaling that investors still have cash on the sidelines that could further fuel the recovery. While we cannot predict future volatility, one thing we are comfortable with is that after the 50-60% decline in stock prices we had seen at the March 2009 lows, the next 5 years could be very rewarding for equity investors, especially for those that adhere to a strict valuation discipline.

### Summary

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. 2008-2009 was clearly a volatile and difficult period. 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

## CULLEN HIGH DIVIDEND EQUITY FUND

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. 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.

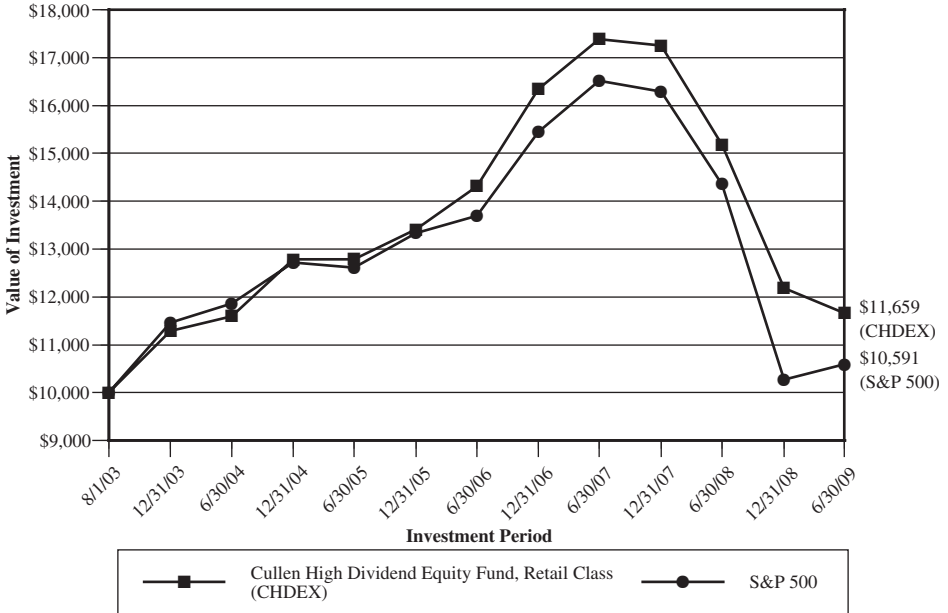
**Must be accompanied or preceded by a current prospectus.**

The Cullen High Dividend Equity Fund is distributed by ALPS Distributors, Inc. (8/09)

# CULLEN HIGH DIVIDEND EQUITY FUND

## FUND PERFORMANCE

### RETAIL CLASS



Total Return as of June 30, 2009			
	One <u>Year</u>	Five <u>Year</u>	Annualized Since Inception (8/01/03)
Cullen High Dividend Equity Fund, Retail Class	(23.20)%	0.11%	2.63%
S&P 500 Index	(26.21)%	(2.24)%	0.92%

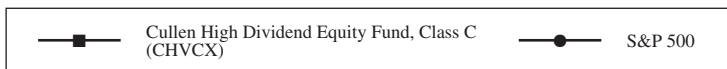
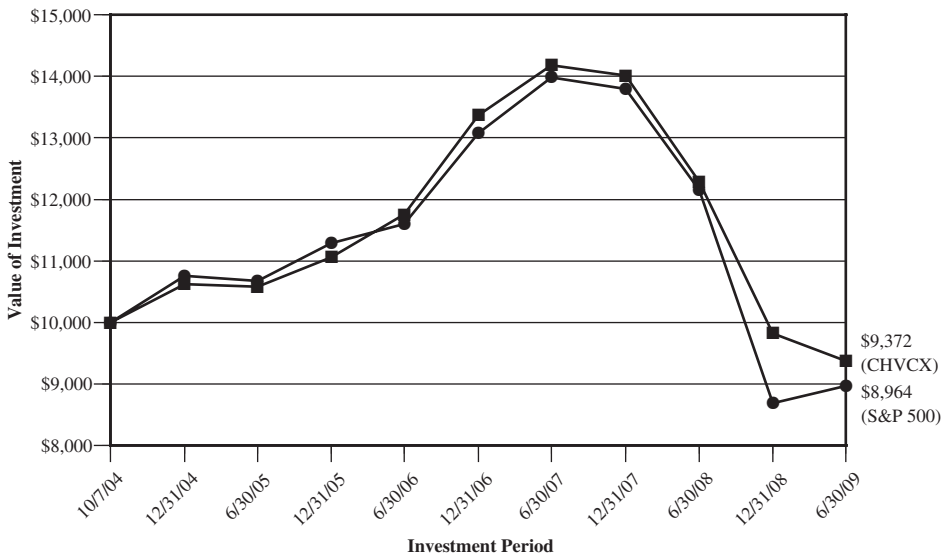
The Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index, representing the aggregate market value of the common equity of 500 large-capitalization stocks primarily traded on the New York Stock Exchange.

This chart assumes an initial gross investment of \$10,000 made on 8/01/03 (commencement of operations). Returns shown include the reinvestment of all dividends but do not reflect the deduction of taxes that you may pay on fund distributions or redemption of shares.

**Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.cullenfunds.com](http://www.cullenfunds.com).**

# CULLEN HIGH DIVIDEND EQUITY FUND

## CLASS C



Total Return as of June 30, 2009		
	One <u>Year</u>	Annualized Since Inception (10/7/04)
Cullen High Dividend Equity Fund, Class C	(23.74)%	(1.36)%
S&P 500 Index	(26.21)%	(2.29)%

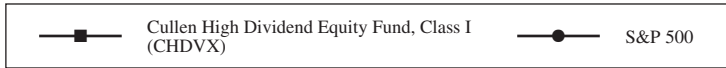
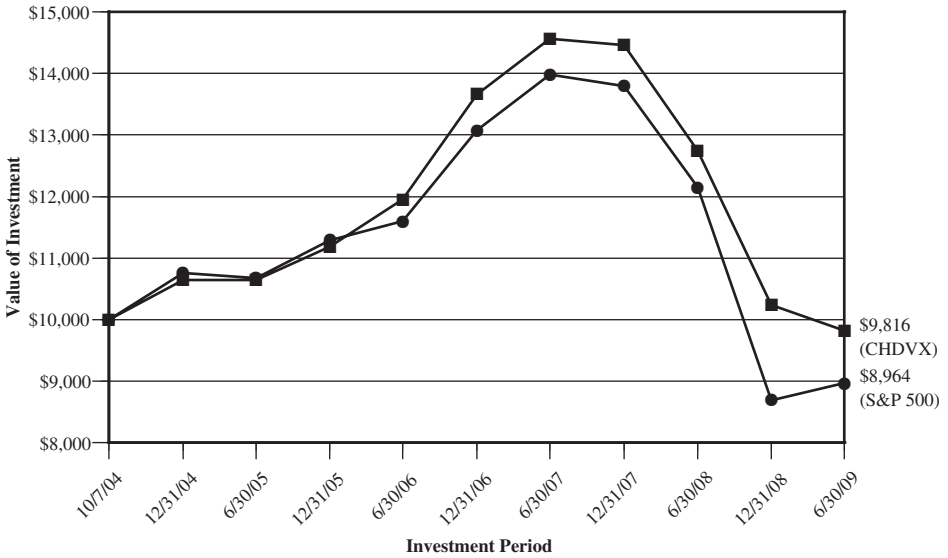
The Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index, representing the aggregate market value of the common equity of 500 large-capitalization stocks primarily traded on the New York Stock Exchange.

This chart assumes an initial gross investment of \$10,000 made on 10/7/04 (commencement of operations). Returns shown include the reinvestment of all dividends but do not reflect the deduction of taxes that you may pay on fund distributions or redemption of shares.

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# CULLEN HIGH DIVIDEND EQUITY FUND

## CLASS I



Total Return as of June 30, 2009		
	One <u>Year</u>	Annualized Since Inception <u>(10/7/04)</u>
Cullen High Dividend Equity Fund, Class I	(23.00)%	(0.39)%
S&P 500 Index	(26.21)%	(2.29)%

The Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index, representing the aggregate market value of the common equity of 500 large-capitalization stocks primarily traded on the New York Stock Exchange.

This chart assumes an initial gross investment of \$10,000 made on 10/7/04 (commencement of operations). Returns shown include the reinvestment of all dividends but do not reflect the deduction of taxes that you may pay on fund distributions or redemption of shares.

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# CULLEN HIGH DIVIDEND EQUITY FUND

## STATEMENT OF ASSETS AND LIABILITIES

As of June 30, 2009

**Assets:**

Investments, at value (cost of \$397,356,961)	\$367,928,425
Receivable for fund shares sold	2,429,478
Dividends and interest receivable	1,743,969
Prepaid expenses	45,736
Total assets	372,147,608

**Liabilities:**

Payable for fund shares purchased	235,885
Payable to Adviser	150,621
Distribution fees payable	23,454
Accrued administration expense	63,739
Accrued audit expense	37,555
Accrued fund accounting expense	13,794
Accrued transfer agent expense	34,357
Other accrued expenses and liabilities	19,234
Total liabilities	578,639

**Net assets** \$371,568,969

**Net assets consist of:**

Paid in capital	\$479,972,628
Accumulated net investment income (loss)	1
Accumulated net realized gain (loss) on investments	(78,975,124)
Net unrealized appreciation (depreciation) on investments and foreign currency related transactions	(29,428,536)
<b>Net assets</b>	<b>\$371,568,969</b>

**Retail Class:**

**Net assets applicable to outstanding Retail Class shares** \$116,266,808

Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value) 12,120,262

**Net asset value, offering price and redemption price per share** \$ 9.59

**Class C:**

Net assets applicable to outstanding Class C shares \$ 15,375,364

Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value) 1,607,337

**Net asset value, offering price and redemption price per share** \$ 9.57

**Class I:**

Net assets applicable to outstanding Class I shares \$239,926,797

Shares issued (Unlimited number of beneficial interest authorized, \$0.001 par value) 25,001,147

**Net asset value, offering price and redemption price per share** \$ 9.60

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## STATEMENT OF OPERATIONS

Year Ended June 30, 2009

**Investment Income:**

Dividends (net of foreign taxes withheld of \$182,974)	\$ 15,169,630
Interest	287,742
	<u>15,457,372</u>
Total investment income	<u>15,457,372</u>

**Expenses:**

Investment advisory fees (Note 5)	3,308,468
Administration fees	328,262
Shareholder servicing fees	188,944
Distribution fees (Note 6)	
Distribution fees - Retail Class	188,772
Distribution fees - Class C	106,074
Registration and filing fees	61,856
Fund accounting fees	80,440
Professional fees	38,125
Custody fees (Note 5)	65,775
Shareholder reports	38,041
Insurance expense	15,317
Trustees' fees and expenses	24,373
Other expenses	365
	<u>4,444,812</u>
Total expenses before reimbursement from Adviser	4,444,812
Expense reimbursement from Adviser	(1,665,855)
	<u>2,778,957</u>
Net expenses	<u>2,778,957</u>
<b>Net investment income</b>	<u>12,678,415</u>

**Realized and Unrealized Gain (Loss):**

Net realized gain (loss) on investments and foreign currency related transactions	(69,172,732)
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	(25,086,513)
	<u>(94,259,245)</u>
<b>Net realized and unrealized gain (loss) on investments</b>	<u>(94,259,245)</u>
<b>Net decrease in net assets resulting from operations</b>	<u><u>\$(81,580,830)</u></u>

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## STATEMENT OF CHANGES IN NET ASSETS

	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>
<b>Operations:</b>		
Net investment income	\$ 12,678,415	\$ 13,153,435
Net realized gain (loss) on investments	(69,172,732)	(5,933,456)
Net increase from payments by affiliates and net gains (losses) realized on the disposal of investments in violation of restrictions	—	432,636
Net change in unrealized appreciation (depreciation) of investments	<u>(25,086,513)</u>	<u>(60,905,454)</u>
Net increase (decrease) in net assets resulting from operations	<u>(81,580,830)</u>	<u>(53,252,839)</u>
<b>Capital Share Transactions:</b>		
Proceeds from shares sold		
Retail Class shares	110,208,424	31,506,291
Class C shares	9,652,055	1,281,647
Class I shares	86,610,851	73,432,634
Proceeds from shares issued to holders in reinvestment of dividends		
Retail Class shares	2,832,610	4,287,468
Class C shares	257,640	704,318
Class I shares	4,452,557	9,867,333
Cost of shares redeemed		
Retail Class shares	(40,249,316)	(23,074,053)
Class C shares	(2,055,422)	(1,967,027)
Class I shares	<u>(82,088,033)</u>	<u>(88,823,333)</u>
Net increase in net assets from capital share transactions	<u>89,621,366</u>	<u>7,215,278</u>
<b>Distributions to Shareholders From:</b>		
Net investment income		
Retail Class	(2,809,139)	(1,952,183)
Class C	(315,628)	(269,307)
Class I	(9,090,533)	(11,789,923)
Net realized gains		
Retail Class	—	(2,387,404)
Class C	—	(448,199)
Class I	—	(14,096,395)
Return of Capital		
Retail Class	(110,686)	—
Class C	(15,468)	—
Class I	<u>(357,619)</u>	<u>—</u>
Total distributions	<u>(12,699,073)</u>	<u>(30,943,411)</u>
<b>Total net increase (decrease) in net assets</b>	<u>(4,658,537)</u>	<u>(76,980,972)</u>
<b>Net Assets:</b>		
Beginning of year	<u>376,227,506</u>	<u>453,208,478</u>
End of year (includes \$1 and \$23,495 of undistributed net investment income (loss), respectively)	<u>\$371,568,969</u>	<u>\$376,227,506</u>

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## FINANCIAL HIGHLIGHTS

	Retail Class				
	Year Ended June 30,				
	2009	2008	2007	2006	2005
<b>Net Asset Value – Beginning of Period</b>	\$12.96	\$15.95	\$13.55	\$12.43	\$11.45
<b>Income from Investment Operations:</b>					
Net investment income	0.38	0.47	0.42	0.33	0.23
Investment restriction violation (Note 8)	—	0.02	—	—	—
Net realized and unrealized gain (loss) on investments	(3.37)	(2.39)	2.46	1.14	0.95
Total from investment operations	(2.99)	(1.90)	2.88	1.47	1.18
<b>Less Distributions:</b>					
Dividends from net investment income	(0.37)	(0.47)	(0.48)	(0.33)	(0.17)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)
Return of capital	(0.01)	—	—	(0.01)	—
Total distributions	(0.38)	(1.09)	(0.48)	(0.35)	(0.20)
<b>Net Asset Value – End of Period</b>	\$ 9.59	\$12.96	\$15.95	\$13.55	\$12.43
<b>Total Return</b>	(23.20)%	(12.68)% <sup>(2)</sup>	21.50%	11.90%	10.27%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands)	\$116,267	\$60,062	\$59,976	\$13,981	\$6,463
Ratio of expenses to average net assets:					
Before expense reimbursement	1.50%	1.47%	1.46%	1.55%	3.27%
After expense reimbursement	1.00%	1.00%	1.00%	1.00%	1.06% <sup>(1)</sup>
Ratio of net investment income to average net assets:					
Before expense reimbursement	3.16%	2.49%	2.89%	2.39%	1.08%
After expense reimbursement	3.66%	2.96%	3.35%	2.94%	3.29%
Portfolio turnover rate	12%	31%	31%	6%	35%

Commencement of operations was August 1, 2003

- (1) Effective October 7, 2004, the Adviser contractually agreed to lower the net annual operating expense ratio from 1.50% to 1.00%.
- (2) 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 lower (12.77)%. Please refer to Note 8 for further details.

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## FINANCIAL HIGHLIGHTS

	Class C				
	Year Ended June 30,				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005+</u>
<b>Net Asset Value – Beginning of Period</b>	\$12.94	\$15.93	\$13.53	\$12.41	\$11.87
<b>Income from Investment Operations:</b>					
Net investment income	0.28	0.36	0.37	0.20	0.20
Investment restriction violation (Note 8)	—	0.02	—	—	—
Net realized and unrealized gain (loss) on investments	<u>(3.34)</u>	<u>(2.39)</u>	<u>2.40</u>	<u>1.17</u>	<u>0.49</u>
Total from investment operations	<u>(3.06)</u>	<u>(2.01)</u>	<u>2.77</u>	<u>1.37</u>	<u>0.69</u>
<b>Less Distributions:</b>					
Dividends from net investment income	(0.30)	(0.36)	(0.37)	(0.23)	(0.12)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)
Return of capital	<u>(0.01)</u>	<u>—</u>	<u>—</u>	<u>(0.01)</u>	<u>—</u>
Total distributions	<u>(0.31)</u>	<u>(0.98)</u>	<u>(0.37)</u>	<u>(0.25)</u>	<u>(0.15)</u>
<b>Net Asset Value – End of Period</b>	<u>\$ 9.57</u>	<u>\$12.94</u>	<u>\$15.93</u>	<u>\$13.53</u>	<u>\$12.41</u>
<b>Total Return</b>	(23.74)%	(13.34)% <sup>(3)</sup>	20.65%	11.13%	5.79% <sup>(1)</sup>
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands)	\$15,375	\$9,847	\$12,106	\$8,040	\$3,007
Ratio of expenses to average net assets:					
Before expense reimbursement	2.25%	2.22%	2.21%	2.30%	3.03% <sup>(2)</sup>
After expense reimbursement	1.75%	1.75%	1.75%	1.75%	1.74% <sup>(2)</sup>
Ratio of net investment income to average net assets:					
Before expense reimbursement	2.41%	1.74%	2.14%	1.64%	2.12% <sup>(2)</sup>
After expense reimbursement	2.91%	2.21%	2.60%	2.19%	3.41% <sup>(2)</sup>
Portfolio turnover rate	12%	31%	31%	6%	35% <sup>(1)</sup>

+ 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 lower (13.43)%. Please refer to Note 8 for further details.

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## FINANCIAL HIGHLIGHTS

	Class I				
	Year Ended June 30,				
	2009	2008	2007	2006	2005+
<b>Net Asset Value – Beginning of Period</b>	<u>\$12.97</u>	<u>\$15.96</u>	<u>\$13.55</u>	<u>\$12.42</u>	<u>\$11.87</u>
<b>Income from Investment Operations:</b>					
Net investment income	0.41	0.51	0.53	0.39	0.18
Investment restriction violation (Note 8)	—	0.02	—	—	—
Net realized and unrealized gain (loss) on investments	<u>(3.38)</u>	<u>(2.39)</u>	<u>2.40</u>	<u>1.12</u>	<u>0.59</u>
Total from investment operations	<u>(2.97)</u>	<u>(1.86)</u>	<u>2.93</u>	<u>1.51</u>	<u>0.77</u>
<b>Less Distributions:</b>					
Dividends from net investment income	(0.38)	(0.51)	(0.52)	(0.36)	(0.19)
Distribution of net realized gains	—	(0.62)	—	(0.01)	(0.03)
Return of capital	<u>(0.02)</u>	<u>—</u>	<u>—</u>	<u>(0.01)</u>	<u>—</u>
Total distributions	<u>(0.40)</u>	<u>(1.13)</u>	<u>(0.52)</u>	<u>(0.38)</u>	<u>(0.22)</u>
<b>Net Asset Value – End of Period</b>	<u>\$ 9.60</u>	<u>\$12.97</u>	<u>\$15.96</u>	<u>\$13.55</u>	<u>\$12.42</u>
<b>Total Return</b>	(23.00)%	(12.46)% <sup>(3)</sup>	21.86%	12.25%	6.48% <sup>(1)</sup>
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands)	\$239,927	\$306,319	\$381,126	\$208,027	\$36,254
Ratio of expenses to average net assets:					
Before expense reimbursement	1.25%	1.22%	1.21%	1.30%	1.97% <sup>(2)</sup>
After expense reimbursement	0.75%	0.75%	0.75%	0.75%	0.75% <sup>(2)</sup>
Ratio of net investment income to average net assets:					
Before expense reimbursement	3.41%	2.74%	3.14%	2.64%	2.19% <sup>(2)</sup>
After expense reimbursement	3.91%	3.21%	3.60%	3.19%	3.41% <sup>(2)</sup>
Portfolio turnover rate	12%	31%	31%	6%	35% <sup>(1)</sup>

+ 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 lower (12.55)%. Please refer to Note 8 for further details.

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# CULLEN HIGH DIVIDEND EQUITY FUND

## SCHEDULE OF INVESTMENTS

June 30, 2009

	Shares	Value
<b>COMMON STOCKS 88.18%</b>		
<b>Aerospace &amp; Defense 3.08%</b>		
Boeing Co.	269,000	\$ 11,432,500
<b>Beverages 2.96%</b>		
Diageo PLC - ADR (a)	191,950	10,989,137
<b>Capital Markets 2.86%</b>		
Morgan Stanley	372,500	10,619,975
<b>Commercial Banks 1.87%</b>		
HSBC Holdings PLC - ADR (a)	166,150	6,940,086
<b>Communications Equipment 2.92%</b>		
Nokia OYJ - ADR (a)	746,300	10,881,054
<b>Distributors 2.81%</b>		
Genuine Parts Co.	311,350	10,448,906
<b>Diversified Telecommunication Services 5.80%</b>		
AT&T, Inc.	405,960	10,084,046
Verizon Communications, Inc.	372,650	11,451,535
		<u>21,535,581</u>
<b>Electric Utilities 5.98%</b>		
Cia Energetica de Minas Gerais - ADR (a)	793,155	10,660,003
FPL Group, Inc.	203,000	11,542,580
		<u>22,202,583</u>
<b>Food Products 9.19%</b>		
HJ Heinz Co.	291,040	10,390,128
Kraft Foods, Inc.	437,762	11,092,889
Unilever NV - ADR (a)	524,540	12,683,377
		<u>34,166,394</u>
<b>Household Products 3.04%</b>		
Kimberly-Clark Corp.	215,720	11,310,200
<b>Industrial Conglomerates 6.87%</b>		
3M Co.	206,800	12,428,680
ABB Ltd. - ADR (a)	538,100	8,491,218
General Electric Co.	391,850	4,592,482
		<u>25,512,380</u>
<b>Insurance 3.06%</b>		
Travelers Companies, Inc.	276,900	11,363,976

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## SCHEDULE OF INVESTMENTS – Continued June 30, 2009

	Shares	Value
<b>Oil &amp; Gas 6.99%</b>		
Chevron Corp.	181,860	\$ 12,048,225
PetroChina Co., Ltd. - ADR (a)	126,150	<u>13,937,052</u>
		<u>25,985,277</u>
<b>Petroleum Refining 3.05%</b>		
BP PLC ADR (a)	237,670	<u>11,332,106</u>
<b>Pharmaceuticals 12.09%</b>		
AstraZeneca PLC - ADR (a)	221,800	9,790,252
Bristol-Myers Squibb Co.	566,280	11,501,147
Eli Lilly & Co.	346,400	11,999,296
Johnson & Johnson	204,910	<u>11,638,888</u>
		<u>44,929,583</u>
<b>Real Estate 3.07%</b>		
Health Care REIT, Inc.	334,780	<u>11,415,998</u>
<b>Software 3.16%</b>		
Microsoft Corp.	494,000	<u>11,742,380</u>
<b>Tobacco 6.22%</b>		
Altria Group, Inc.	658,030	10,785,112
Philip Morris International, Inc.	282,450	<u>12,320,469</u>
		<u>23,105,581</u>
<b>Wireless Telecommunication Services 3.16%</b>		
Vodafone Group PLC - ADR (a)	602,960	<u>11,751,690</u>
Total Common Stocks (Cost \$357,093,923)		<u>327,665,387</u>
<b>SHORT-TERM INVESTMENTS 10.9%</b>		
<b>Money Market Funds</b>		
Dreyfus Cash Management Fund	8,052,964	8,052,964
Dreyfus Institutional Cash Advantage Fund	8,052,964	8,052,964
Fidelity Institutional Money Market Fund Prime Fund	8,052,964	8,052,964
JPMorgan Prime Money Market Institutional Fund	8,052,964	8,052,964
Wells Fargo Advantage Prime Investment Money Market Fund	8,051,184	<u>8,051,184</u>
Total Money Market Funds (Cost \$40,263,038)		<u>40,263,038</u>

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## SCHEDULE OF INVESTMENTS – Continued June 30, 2009

	Shares	Value
<b>TOTAL INVESTMENTS 99.00%</b>		
(Cost \$397,356,961)		\$367,928,425
Other Assets in Excess of Liabilities 1.00%		<u>3,640,544</u>
<b>TOTAL NET ASSETS 100.00%</b>		<u><u>\$371,568,969</u></u>

Percentages are stated as a percent of net assets.

ADR American Depository Receipt

(a) Foreign Issued Security

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

# CULLEN HIGH DIVIDEND EQUITY FUND

## SCHEDULE OF INVESTMENTS – Continued

June 30, 2009

The Fund has adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (“FAS 157”) which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities and certain money market securities. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. Refer to footnote 2(a) for further discussion regarding the Fund’s valuation policy.

The table below is a summary of the inputs used to value the Fund’s investments as of June 30, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity</b>				
Aerospace & Defense	\$ 11,432,500	\$ —	\$ —	\$ 11,432,500
Beverages	10,989,137	—	—	10,989,137
Capital Markets	10,619,975	—	—	10,619,975
Commercial Banks	6,940,086	—	—	6,940,086
Communications Equipment	10,881,054	—	—	10,881,054
Distributors	10,448,906	—	—	10,448,906
Diversified Telecommunication Services	21,535,581	—	—	21,535,581
Electric Utilities	22,202,583	—	—	22,202,583
Food Products	34,166,394	—	—	34,166,394
Household Products	11,310,200	—	—	11,310,200
Industrial Conglomerates	25,512,380	—	—	25,512,380
Insurance	11,363,976	—	—	11,363,976
Oil & Gas	25,985,277	—	—	25,985,277
Petroleum Refining	11,332,106	—	—	11,332,106
Pharmaceuticals	44,929,583	—	—	44,929,583
Real Estate	11,415,998	—	—	11,415,998
Software	11,742,380	—	—	11,742,380
Tobacco	23,105,581	—	—	23,105,581
Wireless Communication Services	11,751,690	—	—	11,751,690
Total Equity	<u>\$327,665,387</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$327,665,387</u>
Short-Term Investments	40,263,038	—	—	40,263,038
Total Investments in Securities	<u>\$367,928,425</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$367,928,425</u>

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### 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 offers Retail Class, Class C, Class I, Class R1 and Class R2 Shares. The Fund’s Retail Class commenced operations on August 1, 2003, Class C and Class I shares commenced operations on October 7, 2004, and Class R1 and R2 shares commenced operations on April 24, 2009. The Class R1 and R2 Shares have not experienced any subscriptions since inception. Each class of shares differs principally in its respective administration, transfer agent, and distribution expenses and sales charges, if any. 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. Money market mutual funds are valued at the net asset value (“NAV”) of shares held by the fund at year end. 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 for the Fund. Dividends from realized capital gains, if any, are declared and paid at least annually.

NOTES TO FINANCIAL STATEMENTS – Continued

June 30, 2009

**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.

The Fund has reviewed all open tax years and major jurisdictions and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken for the period ended June 30, 2009. Open tax years are those that are open for exam by taxing authorities, and as of June 30, 2009, open Federal tax years include the tax years ended June 30, 2005 through 2009. The Fund has no examination in progress and 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 – The Fund has adopted FASB Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment to FASB Statement No. 133, (“FAS 161”), which requires qualitative disclosures about objectives and strategies for using derivatives and quantitative disclosures about fair value amounts of and gains and losses on derivative instruments. The Fund invests in options transaction 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 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 year ended June 30, 2009.

# CULLEN HIGH DIVIDEND EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS – Continued

June 30, 2009

### 2. Significant Accounting Policies – Continued

- 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.
- 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) 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:

	<b>Retail Class</b>	<b>Class C</b>	<b>Class I</b>
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>June 30, 2009</b>	<b>June 30, 2009</b>	<b>June 30, 2009</b>
Shares sold	11,348,908	1,031,535	8,978,826
Shares reinvested	289,496	26,027	443,417
Shares redeemed	<u>(4,152,075)</u>	<u>(211,282)</u>	<u>(8,047,452)</u>
Net increase (decrease)	7,486,329	846,280	1,374,791
Shares outstanding:			
Beginning of year	<u>4,633,933</u>	<u>761,057</u>	<u>23,626,356</u>
End of year	<u>12,120,262</u>	<u>1,607,337</u>	<u>25,001,147</u>

# CULLEN HIGH DIVIDEND EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS – Continued

June 30, 2009

### 3. Capital Share Transactions – Continued

	Retail Class Year Ended June 30, 2008	Class C Year Ended June 30, 2008	Class I 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:			
Beginning of year	3,759,153	759,911	23,882,635
End of year	4,633,933	761,057	23,626,356

### 4. Investment Transactions

Purchases and sales of investments, excluding short-term investments, for the year ended June 30, 2009 were \$127,299,364 and \$36,026,368, respectively.

As of June 30, 2009, 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)	\$ 397,393,200
Gross unrealized appreciation	17,486,901
Gross unrealized depreciation	(46,951,675)
Net unrealized appreciation	(29,464,774)
Undistributed ordinary income	—
Undistributed long-term capital gain	—
Total distributable earnings	—
Other accumulated gains (losses)	(78,938,885)
Total accumulated earnings (losses)	\$(108,403,659)

(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.

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 \$68,937,786 post-October loss deferrals as of June 30, 2009. This loss is treated as occurring on July 1, 2009 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:

# CULLEN HIGH DIVIDEND EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS – Continued

June 30, 2009

### 4. Investment Transactions – Continued

<u>Paid-in Capital</u>	<u>Undistributed Net Investment Income</u>	<u>Undistributed Net Realized Gain</u>
\$(469,947)	\$(2,836)	\$472,783

At June 30, 2009 the Fund had capital loss carryforwards of \$10,001,099 to offset future gains. The losses expire June 30, 2017.

The tax composition of dividends paid during the year ended June 30, 2009 and the year ended June 30, 2008 was as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Ordinary Income	\$12,215,300	\$16,043,745
Long-Term Capital Gain	—	14,899,666
Return of Capital	483,773	—

### 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, 2010, 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%, 0.75%, 1.75%, 1.50%, and 1.25% of the Retail Class, Class I, Class C, Class R1 and Class R2 net assets, respectively. 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 \$1,665,855 associated with the Fund for the year ended June 30, 2009.

As of June 30, 2009, 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, 2010	\$1,779,099
June 30, 2011	\$1,964,371
June 30, 2012	\$1,665,855

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 Trust. Refer to Note 9 for discussion regarding changes in these service providers subsequent to June 30, 2009.

**NOTES TO FINANCIAL STATEMENTS – Continued****June 30, 2009****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%, 1.00%, 0.50%, and 0.25% of the average daily net assets of Retail Class, Class C, Class R1 and Class R2, respectively. 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 shareholders and the printing and mailing of sales literature. The Fund incurred \$188,772 for the Retail Class shares and \$106,074 for Class C shares pursuant to the Plan for the year ended June 30, 2009.

**7. Shareholder Servicing Plan**

The Trust has adopted a Shareholder Servicing Plan (the “Servicing Plan”) with respect to the Fund’s Class R1 and Class R2 shares. For providing certain account administration services to participants in retirement plans that are beneficial owners of such shares, the Servicing Plan authorizes each Fund to compensate plan administrators or other intermediaries up to 0.25% of the average daily net assets of Class R1 and Class R2.

**8. 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.

**9. Subsequent Events**

At a special meeting (the “Meeting”) held on May 7, 2009, the Board of Trustees (the “Board”) of the Trust, including a majority of the Trustees who are not “interested persons” of the Trust, as that term is defined in the 1940 Act, as amended (the “Independent Trustees”), voted to terminate the custody agreement with U.S. Bank, N.A. (“USB”) and the administrative, transfer agent, dividend disbursing and fund accounting services arrangements with U.S. Bancorp Fund Services, LLC (“USBFS”). The Board also voted to terminate the distribution agreement with Quasar Distributors, LLC.

At the Meeting, the Board approved on behalf of the Fund: (i) a new transfer agent and dividend disbursing agent arrangements with ALPS Fund Services, Inc.; (ii) a new custody agreement with The Bank of New York Mellon (“BNYM”); (iii) a new fund

# CULLEN HIGH DIVIDEND EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS – Continued June 30, 2009

### 9. Subsequent Events – Continued

administration and accounting agreement with BNYM; and (iv) a new distribution agreement with ALPS Distributors, Inc.

The new custody agreement and new fund administration and accounting agreement with BNYM became effective on July 1, 2009, and the changes to the Fund's transfer agent, dividend disbursing agent and distributor became effective on July 27, 2009.

Subsequent events have been evaluated through August 28, 2009, which is the date these financial statements were issued. Subsequent events have not been evaluated after this date.

### 10. Federal Tax Information (Unaudited)

The Fund has designated 100% of the dividends declared from net investment income during the year ended June 30, 2009 as qualified dividend income under the Jobs Growth and Tax Reconciliation Act of 2003.

For the year ended June 30, 2009, 75% of the ordinary distributions paid by the Fund qualify for the dividend received deduction available to corporate shareholders.

For the year ended June 30, 2009, 0% of taxable ordinary income distributions are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(c) was 0%.

For the year ended June 30, 2009, 2.36% of taxable ordinary income distributions was qualified interest income.

# CULLEN HIGH DIVIDEND EQUITY FUND

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of  
Cullen Funds Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Cullen High Dividend Equity Fund (the “Fund”) at June 30, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at June 30, 2009 by correspondence with the custodian, provide a reasonable basis for our opinion.

*Pricewaterhousecoopers LLP*

Milwaukee, Wisconsin  
August 28, 2009

## EXPENSE EXAMPLE June 30, 2009 (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 January 1, 2009 to June 30, 2009.

### 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 June 30, 2009 (Unaudited)

	<u>Beginning Account Value 1/1/09</u>	<u>Ending Account Value 6/30/09</u>	<u>Expenses Paid During Period<sup>(1)</sup> 1/1/09 – 6/30/09</u>
<b>Actual</b>			
High Dividend Equity Fund			
Retail Class	\$1,000.00	\$ 957.00	\$4.85
Class C	\$1,000.00	\$ 954.00	\$8.48
Class I	\$1,000.00	\$ 959.10	\$3.64
<b>Hypothetical (5% return before expenses)</b>			
High Dividend Equity Fund			
Retail Class	\$1,000.00	\$1,019.84	\$5.01
Class C	\$1,000.00	\$1,016.12	\$8.75
Class I	\$1,000.00	\$1,021.08	\$3.76

(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 181/365 days (to reflect one half-year period).

# CULLEN HIGH DIVIDEND EQUITY FUND

## BOARD OF TRUSTEES (Unaudited)

<u>Name, Address and Age</u>	<u>Positions Held with Trust</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in the Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
<b>INTERESTED TRUSTEES</b>				
James P. Cullen Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1938	Trustee and President	President, controlling Member and Portfolio Manager, Cullen Capital Management LLC, since May 2000; President, Schafer Cullen Capital Management, Inc., a registered investment adviser, from December 1982 to present.	2	None
Dr. Curtis J. Flanagan c/o Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1921	Trustee	Private investor, 1998 to present; Chairman, South Florida Pathologists Group, prior thereto.	2	None
<b>INDEPENDENT TRUSTEES</b>				
Matthew J. Dodds c/o Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1941	Independent Trustee	Private investor, 1999 to present; Vice President - Research, Schafer Cullen Capital Management, Inc., from 1995 to 1999.	2	None
Robert J. Garry c/o Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1945	Independent Trustee	Executive Vice President/ Chief Financial Officer, New York City Off-Track Betting Corporation, since November 2007; Corporate Controller, Yonkers Racing Corporation, 2001 to September 2007; Chief Operations Officer, The Tennis Network Inc., March 2000 to 2001; Senior Vice President and Chief Financial Officer, National Thoroughbred Racing Association, 1998 to 2000; Director of Finance and Chief Financial Officer, United States Tennis Association, prior thereto.	2	None

# CULLEN HIGH DIVIDEND EQUITY FUND

## BOARD OF TRUSTEES – Continued (Unaudited)

<u>Name, Address and Age</u>	<u>Positions Held with Trust</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in the Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
Stephen G. Fredericks c/o Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1942	Independent Trustee	Institutional Trader, Raymond James & Associates, February 2002 to present; Institutional Trader, ABN AMRO Inc., January 1, 1995 to May 2001.	2	None

### OFFICERS

James P. Cullen Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1938	Trustee and President	President, controlling Member and Portfolio Manager, Cullen Capital Management LLC, since May 2000; President, Schafer Cullen Capital Management, Inc., a registered investment adviser, from December 1982 to present.	2	None
John C. Gould Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1961	Executive Vice President	Executive Vice President and Portfolio Manager, Cullen Capital Management LLC, May 2000 to present; Executive Vice President and Portfolio Manager, Schafer Cullen Capital Management, Inc., from 1989 to present.	N/A	None
Steven M. Mullooly Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1964	Chief Compliance Officer	Chief Compliance Officer, Cullen Capital Management LLC and Schafer Cullen Capital Management, Inc., since August 2006; Chief Compliance Officer, Ladenburg Thalmann & Co., Inc., Ladenburg Thalmann Asset Management and Ladenburg Thalmann Europe from November 2004 to June 2006; Vice President - Compliance, Donaldson Lufkin and Jenrette and Co., from July 2000 to June 2004.		None

# CULLEN HIGH DIVIDEND EQUITY FUND

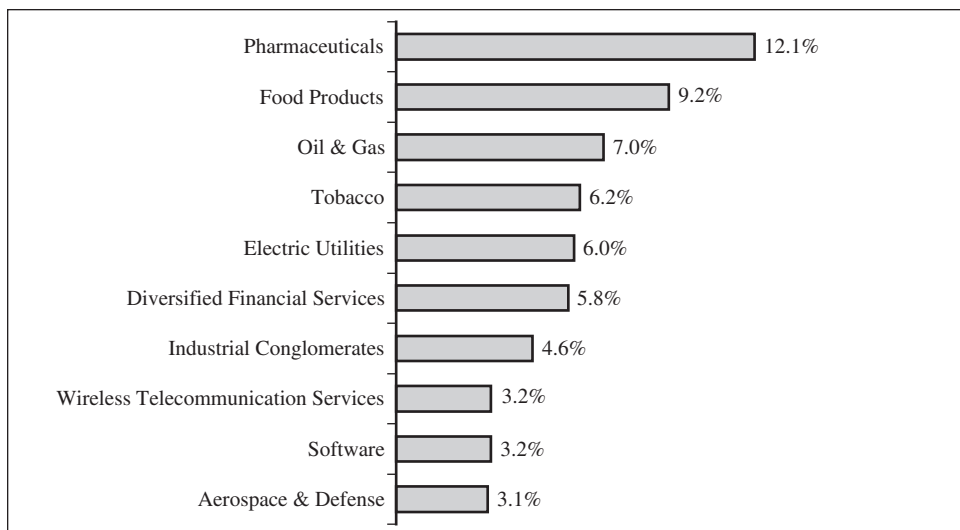
## BOARD OF TRUSTEES – Continued (Unaudited)

<u>Name, Address and Age</u>	<u>Positions Held with Trust</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in the Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
Brooks H. Cullen Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1967	Vice President	Vice President and Analyst, Cullen Capital Management LLC, since May 2000; Vice President and Portfolio Manager, Schafer Cullen Capital Management, Inc., from 1996 to present.		None
Jeffrey T. Battaglia Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1978	Treasurer	Chief Financial Officer, Cullen Capital Management LLC and Schafer Cullen Capital Management, Inc., since February 2007; Manager, KPMG LLP, from September 2001 to February 2007; Certified Public Accountant, Washington State.		None
Rahul D. Sharma Cullen Capital Management LLC 645 Fifth Avenue New York, NY 10022 Born: 1970	Secretary	Secretary and Portfolio Manager, Cullen Capital Management LLC, since May 2000; Vice President and Portfolio Manager, Schafer Cullen Capital Management, Inc., 1998 to present.		None

The Fund's statement of additional information contains additional information about the Fund's trustees and is available, without charge, (1) upon request by calling 1-877-485-8586, (2) at [www.cullenfunds.com](http://www.cullenfunds.com), or (3) on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

# CULLEN HIGH DIVIDEND EQUITY FUND

## Top 10 Industries – As of June 30, 2009 (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 Funds' 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](http://www.cullenfunds.com); and (3) on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record is available on the SEC's website at [www.sec.gov](http://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](http://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 N-Q will also be available upon request by calling 1-877-485-8586.

## **BOARD APPROVAL OF CONTINUATION OF INVESTMENT ADVISORY AGREEMENT (Unaudited)**

At its meeting on May 7, 2009, the Board of Trustees (the “Board”) of the Cullen Funds Trust (the “Trust”) and its two series, the Cullen High Dividend Equity Fund (the “High Dividend Fund”) and the Cullen International High Dividend Fund (the “International Fund”), including the Trustees who are not “interested persons” (as defined in the Investment Company Act of 1940) of the Funds, voted to re-approve the current investment advisory agreement (the “Advisory Agreement”) between the High Dividend Fund and Cullen Capital Management LLC (the “Adviser”). In connection with its re-approval of the High Dividend Fund’s Advisory Agreement, the Board considered the following factors:

The Adviser:

- Provides investment management for the High Dividend Fund.
- Continues to retain the services of the Trust’s Chief Compliance Officer and will make all reasonable efforts to ensure that the High Dividend Fund is in compliance with the securities laws.
- Oversees distribution of the High Dividend Fund through third-party broker/dealers and independent financial institutions.
- Oversees those third party service providers that support the High Dividend Fund in providing fund accounting, fund administration, fund distribution, fulfillment, transfer agency and custodial services.

The Board also (i) reviewed the past performance of the High Dividend Fund and the expense ratios of the High Dividend Fund, (ii) considered the fees charged by the Adviser (iii) considered the profitability of the Adviser as shown in the board materials provided at the meeting and (iv) took into account the disciplined value oriented investment philosophy that the Adviser has developed and adheres to and its confidence in this philosophy and the experience of the Adviser in implementing this philosophy over many years.

The Board then discussed economies of a scale and breakpoints and determined that the Funds, managed by the Adviser, have not yet grown to be so significant in size as to warrant the use of breakpoints by the Adviser.

The Board reviewed the Funds’ expense ratios and comparable expense ratios of similar funds. The Board used data from Lipper, as presented in the charts in the board book, showing funds similar in nature to the Funds (i.e. Equity Income, International). The Board determined that the after reimbursement total expense ratio of the Funds fell within

**BOARD APPROVAL OF CONTINUATION OF  
INVESTMENT ADVISORY AGREEMENT – Continued  
(Unaudited)**

the range of the ratios of other funds in their classification. (Please see Lipper charts provided in the Board Materials). The Board considered the renewal of the Operating Expense Limitation Agreement for an additional year between the Advisor and the High Dividend Fund which limits the annual operating expenses of each of the Retail Class, Class C, Class I, Class R1 and Class R2 shares of the Fund to 1.00%, 1.75%, 0.75%, 1.50% and 1.25% respectively, of the average net asset value of such respective Class for such year, until October 31, 2010. The Board also considered the renewal of the Operation Expense Limitation Agreement for an additional year between the Advisor and the International Fund which limits the annual operating expenses of each of the Retail Class, Class C, Class I, Class R1 and Class R2 shares of the Fund to 1.25%, 2.00%, 1.00%, 1.75% and 1.50% respectively, of the average net asset value of such respective Class for such year, until October 31, 2010.

The Board also referenced the Adviser's Form ADV and a copy of the current Investment Advisory Agreement. In addition, the Board referenced a comparison of fees charged the Adviser and Schafer Cullen Capital Management, Inc., an affiliate of the Adviser, to other clients. All of the factors above were considered separately by the non-interested Trustees in an executive session during which management of the Adviser and the interested Trustees were not present. The factors were viewed in their totality by the Board, with no single factor being the principal or determinative factor in the Board's determination of whether to approve the continuation of the Advisory Agreement. The Board was also assisted in its review, consideration and discussion of the Advisory Agreement by independent legal counsel, who had prepared a summary of the Board's legal obligations and who further summarized the Board's legal obligations at the Board meeting. Based on the factors discussed above, the Board, including all non-interested Trustees, approved continuation of the Advisory Agreement.

**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*