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DEAR SHAREHOLDER:

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[GRAPHICAL REPRESENTATION OF GUARDIAN LIFE BUILDING]

FROM GOLDBLOCKS TO JEKYLL AND HYDE

[PHOTO]

Frank J. Jones, Ph.D.

A year ago, we described the U.S. economy as a Goldilocks economy, that is, an economy with high economic growth, low unemployment, high capacity utilization, and no real sector weakness, but also with no price or wage pressures. By mid-1998, the Goldilocks economy has given way to a Dr. Jekyll and Mr. Hyde economy, an economy with very strong domestic consumption and business investment sectors and still absent inflation; but weak export sectors, including manufacturing and agriculture, and increasing labor costs.

What caused the transition from Goldilocks to Jekyll and Hyde? Two factors. First, the economic expansion had been too strong for too long. The expansion is into its eighth year (the last recession ended during March 1991), and real Gross Domestic Product (GDP) has grown at approximately 4% for two years. Wage and price pressures were bound to develop. Wage pressures have been developing (average hourly earnings costs

increased by 4.13% over the last 12 months) and, although inflation is not a concern (over the last twelve months, the Consumer Price Index (CPI) has increased by 1.6% and the Producer Price Index (PPI) has decreased by 0.8%, respectively), neither has deflation been mentioned recently, as it frequently was earlier during the year.

Second, on July 2, 1997, Thailand devalued its baht. Sounds innocuous enough. But what has resulted is similar to the "Butterfly Effect" from chaos theory whereby a butterfly stirring the air today in Peking can transform storm systems next month in New York. From Thailand, the crisis went to other Asian countries: Malaysia, Philippines, Indonesia, South Korea, Hong Kong (a crisis last October), and even affected Japan and potentially China. It subsequently went to the developing Eastern European countries, and even Russia. Then on to Latin America, including Brazil. And after all these, not surprisingly, to the U.S. The transmission process from Thailand to the U.S. has taken longer than many thought (last January when the effect was not yet significant, many pundits said the worst was over) but may turn out to be stronger than originally expected.

The current symmetry in the concerns about the U.S. economy were well captured by Alan Greenspan's recent comments to Congress.

A bullish view of the U.S. economy emphasizes:

- o an unemployment rate near its 20-year lows;
- o consumer confidence at a 30-year high, mainly based on high employment and high personal income;
- o a resulting high level of consumer demand; and
- o strength in the interest rate sensitive sectors of the economy, particularly housing, due to the low yield levels.

A bearish view of the economy, however, emphasizes:

- o weak exports, particularly to Asia, due to the strong dollar;
- o the weak export sectors particularly affected were manufacturing and

agriculture (which were also affected by El Nino weather patterns); and

- o the actual and potential effects of the G.M. strike.

These contrary concerns have caused and will continue to cause a balance in Fed concerns and continued Fed inaction (the only Fed change since January 31, 1996 was the 25 basis point tightening of the Federal Funds Rate to 5.50% on March 25, 1997). The Fed balance is further stabilized by the absence of observed inflation (as indicated above), but offset by increasing wage inflation (as indicated above).

As the markets, and even some Fed members, have oscillated between expectations of a Fed easing and a Fed tightening, the Fed has done nothing. And at his recent Congressional testimony, while Greenspan emphasized the risk of undue economic strength more than the risk of undue economic weakness, he suggested that the Fed would most likely continue to watch vigilantly and remain inactive. The Fed will steer between the Scylla of economic strength and the Charybdis of economic weakness (which Greenspan referred to as "important crosscurrents") by maintaining an even keel.

Greenspan's forecast for real GDP growth for 1998 was in the range of 3% to 3.25% (implying a slowing from the first quarter's 5.4% growth) and a range from 2.0% to 2.5% in 1999. The forecast for CPI was a range of from 2% to 2.5% in 1999 from less than 2% in 1998. I believe the markets would welcome these forecasts becoming reality. And I also believe that these forecasts are reasonable.

Greenspan again alluded to the "New Paradigm" for reconciling rapid economic growth and low inflation. This paradigm suggests that recent productivity gains, most likely linked to improved technology, have been higher than in recent history and higher than measured. It may also be the reason that faster economic growth has been achieved without inflation. If so, optimistically, more rapid, non-inflationary growth could continue. It is, however, premature to declare victory for this paradigm.

Consider the prospects for the stock market in a similar vein. The "positives" for the stock market are low inflation, low yields, at least reasonable economic growth, and, on a secular basis, very favorable demographics (the Baby Boomers are now between 34 and 52 years old, years of significant savings, and are very common stock-oriented). The "negatives" are the continuing high valuations for stocks (which are based on continued strong profit growth) and concerns about future profits, particularly related to the risks in Asia.

We provide one other thought with respect to the stock market. Perhaps the period most like the current period was 1972, when valuations were high and market strength was narrow (old timers will remember the "nifty fifty" of this period). During December 1972, the trailing Price Earnings (P/E) ratio for the S&P 500 was 18.4; during July 1998, it was 28.1. After the nifty fifty, the S&P 500 declined by 23.15% during 1973 and 25.82% during 1974. The cause for this decline, most likely, was the beginning of the OPEC oil cartel and inflation. Could Asia be the current equivalent? Not likely, but possibly.

While stock performance has been strong during 1998, there has been considerable variation among large cap, mid cap, and small cap stocks. A rally in small cap stocks is overdue. But do not bet on it. Not yet.

Despite the old saw that "you can't tell a bubble until it bursts" and Greenspan's continued references to a U.S. asset bubble and "irrational exuberance," the stock market will continue to be volatile, but the onset of a bear market does not seem likely. And, in fact, Greenspan's continued caution may prove to be constructive by constraining the stock market from continued growth at an unsustainable pace.

To consider the bright side of the Asia effect, imagine what current U.S. conditions would be without the Asian effect. Without the economy-slowng effects of Asia (during second quarter 1998 real GDP actually increased by 5.4%), the Fed would have undoubtedly tightened the Fed funds rate, most likely more than once. A not-unlikely mid-1998 scenario without Asia would be:

- o a Federal Funds rate of 6.25% (three 25 basis point tightenings) rather than the current 5.50%; and
- o a 30-year Treasury yield of 6.25%--a flat yield curve (as of this writing, with the Federal Funds rate at 5.50% the 30-year Treasury is at 5.70%)

And the strength of the U.S. economy without the Asian problems may not have slowed to a sustainable pace even with such Fed changes. Thus, more tightenings might be expected. And how would the stock market be performing under such actions and expectations? Not well. Thus, from a purely parochial

perspective, we must say, "Thank you, Asia."

I believe that the economy and the markets will be better served if something like Greenspan's forecast--with Asia--comes to pass rather than the likely ex-Asia outcome described above. And based on his track record, I'll go with Greenspan.

Regards,

/s/ FRANK J. JONES

Frank J. Jones, Ph.D.
President, The Park Avenue Portfolio

THE PARK AVENUE PORTFOLIO

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	PORTFOLIO MANAGER INTERVIEW	SCHEDULE OF INVESTMENTS
THE GUARDIAN PARK AVENUE FUND	2	19
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OBJECTIVE: Long-term growth of capital		

PORTFOLIO: At least 80% common stocks and securities convertible into common stocks		

INCEPTION: June 1, 1972		

NET ASSETS AT JUNE 30, 1998: \$3,216,233,759		

"WHILE MANY FOREIGN ECONOMIES WERE EXPERIENCING DIFFICULTIES, THE DOMESTIC ECONOMY CONTINUED RECEIVING ACCOLADES . . . IN OUR PORTFOLIO, WE TRIED TO CAPITALIZE ON THIS STATE OF AFFAIRS BY OVERWEIGHTING STABLE, HIGH-QUALITY GROWTH STOCKS IN WHICH THE PREPONDERANCE OF THE ISSUERS' INCOME CAME FROM THE U.S."

--Frank J. Jones, Ph.D.
Co-Portfolio Manager

--Larry Luxenberg, C.F.A.
Co-Portfolio Manager

--John B. Murphy, C.F.A.
Co-Portfolio Manager

THE GUARDIAN PARK AVENUE SMALL CAP FUND	6	24
=====		
OBJECTIVE: Long-term growth of capital		

PORTFOLIO: At least 85% in a diversified portfolio of common stocks and convertible securities issued by companies with small market capitalization		

INCEPTION: May 1, 1997		

NET ASSETS AT JUNE 30, 1998: \$161,079,158		

"IN THIS DIFFICULT MARKET WE ALSO EMPHASIZE SYSTEMATIC EFFORTS TO WEED OUT POSSIBLE SOURCES OF TROUBLE EARLY IN THE PROCESS. COMPANIES AND INDUSTRIES, ONCE THEY BEGIN STRUGGLING, TEND TO FACE DIFFICULTIES FOR A LONG TIME. INVESTORS AND ANALYSTS ARE ALWAYS AMAZED AT HOW FAR DOWN A STOCK CAN GO. WHILE WE TEND TO BE PATIENT LONG-TERM INVESTORS, SOMETIMES THE OLD WALL STREET AXIOM OF 'CUT YOUR LOSSES' IS A WISE ONE."

--Larry Luxenberg, C.F.A.
Portfolio Manager

THE GUARDIAN ASSET ALLOCATION FUND	8	28
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OBJECTIVE: Long-term total investment return
consistent with moderate risk

PORTFOLIO: A mixture of equity securities, debt
obligations and money market
instruments; purchases shares of
The Guardian Park Avenue,
Investment Quality Bond and Cash
Management Funds

INCEPTION: February 16, 1993

NET ASSETS AT JUNE 30, 1998: \$190,628,127

"AS ALWAYS, THE FUND IS MANAGED USING QUANTITATIVE MODELS
THAT ATTEMPT TO JUDGE THE RELATIVE RISK-ADJUSTED
ATTRACTIVENESS OF THE STOCK, BOND AND CASH MARKETS. WHILE
INTEREST RATES ARE THE OPERATIVE VARIABLES IN THE FIXED
INCOME MARKETS, CORPORATE PROFITABILITY AND GROWTH ARE ADDED
TO THE MIX FOR THE EQUITY MARKETS."

--Jonathan C. Jankus, C.F.A.
Portfolio Manager

	PORTFOLIO MANAGER INTERVIEW	SCHEDULE OF INVESTMENTS
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THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND	10	30
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OBJECTIVE: Long-term growth of capital

PORTFOLIO: At least 80% in a diversified
portfolio of common stocks of
companies domiciled outside of the
United States

INCEPTION: February 16, 1993

NET ASSETS AT JUNE 30, 1998: \$93,881,094

"WE BELIEVE THAT DETAILED ANALYSIS OF THE BUSINESSES OF
INDIVIDUAL COMPANIES HAS BEEN THE BEST ROUTE TO INVESTMENT
SUCCESS. AS A RESULT, WE HAVE HAD A LOW WEIGHTING IN JAPAN
FOR THE FUND, AND THE JAPANESE HOLDINGS HAVE BEEN
CONCENTRATED IN COMPANIES THAT ARE GLOBAL LEADERS IN AREAS
LIKE ELECTRONICS, OFFICE EQUIPMENT, AND AUTO MANUFACTURING."

--R. Robin Menzies
Portfolio Manager

	PORTFOLIO MANAGER INTERVIEW	SCHEDULE OF INVESTMENTS
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THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND	12	33
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OBJECTIVE: Long-term capital appreciation

PORTFOLIO: At least 65% in a portfolio of
common stocks issued by emerging
market companies

INCEPTION: May 1, 1997

NET ASSETS AT JUNE 30, 1998: \$19,671,724

"TO SUM UP: THE EMERGING MARKETS HAVE TAKEN A BEATING, BUT
THE CONCEPT IS STILL INTACT AND GOOD GROWTH PROSPECTS CAN BE
FOUND THERE AT LOWER VALUATIONS THAN ELSEWHERE. WE NEED TO
SEE SOME STABILITY IN ASIA BEFORE BECOMING REALLY CONFIDENT,
BUT THE LONGER TERM PROSPECTS ARE GOOD."

--Edward H. Hocknell
Portfolio Manager

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THE GUARDIAN INVESTMENT QUALITY BOND FUND	14	36
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OBJECTIVE: A high level of current income and capital appreciation without undue risk to principal

PORTFOLIO: At least 80% investment-grade debt obligations and U.S. government securities

INCEPTION: February 16, 1993

NET ASSETS AT JUNE 30, 1998: \$132,822,624

=====

"WE CURRENTLY BELIEVE THAT CORPORATE AND MORTGAGE-BACKED VALUATIONS ARE THE MOST ATTRACTIVE THAT THEY HAVE BEEN IN SOME TIME, BUT NEVERTHELESS WE REMAIN CAUTIOUS AND WILL BE VERY SELECTIVE WITH RESPECT TO CORPORATE CREDITS AND THE MORTGAGE RISK EXPOSURE WE INCLUDE IN THE FUND."

--Thomas G. Sorell, C.F.A.
Co-Portfolio Manager

--Howard W. Chin
Co-Portfolio Manager

THE PARK AVENUE PORTFOLIO

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THE GUARDIAN TAX-EXEMPT FUND	16	39
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OBJECTIVE: Maximum current income exempt from federal taxes consistent with preservation of capital

PORTFOLIO: At least 80% investment-grade debt obligations issued by state and local authorities

INCEPTION: February 16, 1993

NET ASSETS AT JUNE 30, 1998: \$48,470,333

=====

"GUIDING OUR DECISIONS ARE THE BOND ANALYTICS SYSTEMS WE HAVE INTERNALLY DEVELOPED, WHICH HELP US IDENTIFY THE MOST ATTRACTIVE SELLS AND BUYS FOR MAXIMIZING PORTFOLIO PERFORMANCE. WE CONTINUED TO AVOID LOWER QUALITY BONDS, AS THE 'RISK-REWARD' OF NARROW CREDIT SPREADS DID NOT JUSTIFY THEIR PURCHASE."

--Alexander M. Grant, Jr.
Portfolio Manager

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THE GUARDIAN CASH MANAGEMENT FUND	18	41
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OBJECTIVE: As high a level of current income as is consistent with liquidity and preservation of capital

PORTFOLIO: Short-term money market instruments

INCEPTION: November 3, 1982

NET ASSETS AT JUNE 30, 1998: \$179,984,227

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"THE GUARDIAN CASH MANAGEMENT FUND IS A PLACE FOR OUR INVESTORS TO PUT THEIR MONEY WHILE THEY DETERMINE THEIR PREFERRED LONG TERM INVESTMENT VEHICLE, BE IT STOCKS OR BONDS."

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THE GUARDIAN PARK AVENUE FUND

[PHOTOS]

Frank J. Jones, Ph.D.	Larry Luxenberg, C.F.A.	John B. Murphy, C.F.A.
Co-Portfolio Manager	Co-Portfolio Manager	Co-Portfolio Manager

Q. U.S. STOCK MARKET AVERAGES CONTINUED THEIR POWERFUL ADVANCE IN THE FIRST HALF OF 1998, ALTHOUGH THE PERFORMANCE FOR THE BROAD MARKET WAS MORE VARIED. HOW DID THE FUND PERFORM DURING THIS TIME?

A. The Guardian Park Avenue Fund advanced 13.79% in the first half of the year, (1) compared with a total return of 17.68% for the S&P 500.(2) Over the last twelve months, the Fund was up 29.58%, nearly equal to the S&P 500's 30.03% total return and ahead of the 25.56% total return of the Lipper Average U.S. Growth Fund.(3)

Q. WHAT FACTORS AFFECTED THE FUND'S PERFORMANCE DURING THIS PERIOD?

A. Two notable policies have contributed to the Fund's recent performance. First, for most of the last four years, we have anticipated that large stocks would outperform smaller ones. Over the last three years we have increased our portfolio's weighted average market capitalization by \$46.3 billion to a total of \$61.2 billion as of June 30, 1998, as shown below.

THE GUARDIAN PARK AVENUE FUND
WEIGHTED AVERAGE MARKET CAPITALIZATION
(\$ Billions)

6/30/95	\$14.9
6/30/96	\$34.7
6/30/97	\$46.1
6/30/98	\$61.2

Secondly, we recognized early on that the economic problems in Asia would have profound and long-lasting effects on the economies of major countries throughout the world. We have lowered our holdings in companies whose profits were heavily dependent on Asia.

The last year has been an unusual period in which the very largest stocks have dominated the stock market averages. Performance has been concentrated in a handful of huge companies such as Microsoft, General Electric and Pfizer. Part of the phenomenon can be attributed to economic fundamentals. In addition, an influx of foreign money, which generally seeks out the household names first, has had an impact. Then, too, with the current worldwide economic volatility, investors place a premium on safety.

While there is no telling how long these trends will continue, we believe they are powerful. As of mid-year, our portfolio was positioned to benefit from a continuation of these trends into the third quarter.

-
- (1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return represents total return for Class A shares--return for Class B shares would be lower to reflect higher operating expenses associated with the B share class. Total return figures do not take into account the current maximum sales charges except where noted. Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Prior to August 25, 1988, shares of the Fund were offered at a higher sales charge, so

actual returns would have been somewhat lower.

- (2) The S&P 500 Index is an unmanaged index of 500 large-cap U.S. stocks that is generally considered to be representative of U.S. stock market activity. The S&P 500 Index is not available for direct investment and its returns do not reflect the fees and expenses that have been deducted from the Fund. Likewise, return figures for the S&P 500 Index do not reflect any sales charges that an investor may have to pay when purchasing or redeeming shares of the Fund.
- (3) Lipper Analytical Services, Inc. is an independent mutual fund monitoring and rating service. Its database of performance information is based on historical total returns, which assume the reinvestment of dividends and distributions, and the deduction of all fund expenses. Lipper returns do not reflect the deduction of sales loads, and performance would be different if sales loads were deducted.

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Q. WERE THERE ANY OTHER IMPORTANT STRATEGIES THAT YOU USED TO MANAGE THE FUND?

A. While many foreign economies were experiencing difficulties, the domestic economy continued receiving accolades. Pundits competed to heap praise on the most balanced economic recovery in a generation. Among the most popular nicknames were the "Goldilocks Economy" (not too hot, not too cold, just right) and "Supertanker America."

In our portfolio, we tried to capitalize on this state of affairs by overweighting stable, high-quality growth stocks in which the preponderance of the issuers' income came from the U.S. In addition, we sought to benefit from the gradual reduction in domestic interest rates, a nearly unprecedented situation this late in a U.S. recovery. Employment remained strong, consumer confidence soared, and inflation was on the verge of disappearing.

Q. WHAT ARE THE PORTFOLIO'S WEIGHTS IN DIFFERENT SECTORS AND HOW HAVE THESE AFFECTED PERFORMANCE THIS YEAR?

A. Our sector weights are generally unchanged from last year. Our largest weighting remained in financial stocks. At mid-year, 27% of the portfolio was in financials compared to 17.7% for the S&P 500. Financials continue to benefit from the continuing decline in interest rates, stable economic growth, and industry consolidation.

Our second largest concentration was in consumer staples with 14.6%, although that was under the S&P's 22.6% weighting. We have been increasing our weighting in the pharmaceutical companies but have been underweighted in such areas as tobacco and food. Pharmaceutical companies are benefiting from a golden age of discovery of important new medicines. Given the strong increase in disposable income, we have been gradually increasing our weighting in additional areas that would benefit, such as retail and homebuilders.

Q. WHAT PROBLEMS DO YOU FORESEE LOOMING THAT COULD UPSET THIS HAPPY STATE OF AFFAIRS?

A. The biggest concern at mid-summer had to be the continuing difficulties in Asia, including Japan. The huge contraction in economic activity there casts a shadow over worldwide commerce. If the economies of mainland Asia and Japan do not begin a bottoming process, there is a risk of spreading deflationary pressures and social chaos. Leaders worldwide recognize the scope and severity of the problems, and we are hopeful that they will act prudently.

In the U.S., corporations have had their highest profit margins since the mid-1960's. They have benefited from a period of intense cost-cutting and reorganization, effective deployment of technology and telecommunications, and progressive management. Most companies now have little ability to raise prices and those most exposed to foreign competition must continually find new ways to lower prices. At the same time, a scarcity of workers has put pressure on wages for the first time in this recovery. As a consequence, corporate profits now seem likely to be squeezed and are particularly vulnerable to any revenue shortfalls.

An unknown wild card is the ability of corporations and governments worldwide to adapt their computer systems to the new millenium, the "Y2K" problem. While predictions of doom are increasing, no one seems to know with any certainty what the end result will be. Hopefully, the feverish and expensive efforts underway will be successful.

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TOP 10 HOLDINGS AS OF 6/30/98	
1. Microsoft Corp.	3.15%
2. General Electric Co.	2.83%
3. Pfizer, Inc.	2.49%
4. Exxon Corp.	2.44%
5. Int'l Business Machines	2.16%
6. Storage Technology Corp.	2.00%
7. Wal-Mart Stores, Inc.	1.90%
8. Chase Manhattan Corp.	1.81%
9. BellSouth Corp.	1.80%
10. Ford Motor Co.	1.73%

For a complete list of portfolio holdings,
please see the Schedule of Investments.

SECTOR WEIGHTINGS
COMMON STOCKS HELD
BY THE FUND ON JUNE 30, 1998

[GRAPHICAL REPRESENTATION
OF PIE CHART]

Financial--27.1%
Credit Cyclical--0.5%
Conglomerates--1.0%
Consumer Services--2.2%
Transportation--3.2%
Basic Industries--4.4%
Capital Goods--4.8%
Utilities--8.5%
Energy--8.8%
Consumer Staples--14.6%
Capital Goods-
Technology--13.0%
Consumer Cyclical--11.9%

<TABLE>
<CAPTION>

AVERAGE ANNUAL RETURNS (1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	5 Years	10 Years	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>
Class A Shares (with sales charge)	6/1/72	23.75%	21.03%	17.97%	16.78%
At Net Asset Value (without sales charge)		29.58%	22.15%	18.51%	16.98%
Class B Shares (with sales charge)	5/1/96	25.44%	N/A	N/A	29.68%
At Net Asset Value (without sales charge)		28.44%	N/A	N/A	30.37%
S&P 500 Index		30.03%	20.98%	18.44%	13.45% (6/1/72)

</TABLE>

(1) Total return figures shown are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures for Class A shares do not take into account the current maximum sales charge of 4.5%, except where indicated. Prior to August 25, 1988, Class A shares of the Fund were offered at a higher sales charge, so actual returns would have been somewhat lower. Total return figures for Class B shares do not take into account the contingent deferred sales charge applicable to such shares (maximum of 3%), except where noted. Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.

4

GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

[GRAPHICAL REPRESENTATION OF MOUNTAIN CHART]

	The Guardian Park Avenue Fund (Class A)		S&P 500 Index		Lipper U.S. Equity Growth Fund Average		Cost of Living	
6/1/72	1	9550	1	10000	1	10000	1	10000
1972	2	9352	2	9791	2	9746	2	10072
	3	9495	3	10173	3	9548	3	10169
	4	9919	4	10936	4	10002	4	10266
1973	5	8954	5	10404	5	8773	5	10483
	6	7758	6	9802	6	7699	6	10676
	7	9104	7	10271	7	8788	7	10918

1974	8	8355	8	9320	8	7686	8	11184
	9	8898	9	9061	9	7492	9	11546
	10	8095	10	8376	10	6661	10	11836
1975	11	6816	11	6276	11	5224	11	12222
	12	7016	12	6861	12	5701	12	12536
	13	9052	13	8434	13	7001	13	12754
	14	10222	14	9724	14	8176	14	12923
1976	15	9524	15	8662	15	7174	15	13188
	16	10311	16	9410	16	7588	16	13430
	17	12315	17	10819	17	8924	17	13527
	18	12926	18	11077	18	9084	18	13696
1977	19	13570	19	11281	19	9043	19	13913
	20	14714	20	11627	20	9483	20	14106
	21	14578	21	10762	21	8951	21	14396
	22	15548	22	11107	22	9480	22	14614
1978	23	15171	23	10794	23	9340	23	14807
	24	15894	24	10765	24	9674	24	15048
	25	16186	25	10235	25	9527	25	15314
	26	17952	26	11100	26	10724	26	15700
1979	27	19593	27	12062	27	11821	27	16063
	28	18195	28	11455	28	11002	28	16401
	29	19967	29	12263	29	11945	29	16884
	30	20459	30	12583	30	12544	30	17440
1980	31	22475	31	13535	31	13793	31	17971
	32	23489	32	13539	32	14501	32	18575
	33	22448	33	12987	33	13536	33	19348
	34	24637	34	14722	34	15484	34	19928
1981	35	27183	35	16363	35	18053	35	20266
	36	28544	36	17908	36	19852	36	20870
	37	30553	37	18146	37	20432	37	21401
	38	30553	38	17726	38	20347	38	21860
1982	39	28041	39	15910	39	17993	39	22488
	40	30196	40	17010	40	19380	40	22729
	41	28244	41	15773	41	18074	41	22874
	42	28221	42	15682	42	18100	42	23430
1983	43	32078	43	17473	43	20123	43	23599
	44	37863	44	20656	44	24326	44	23599
	45	42172	45	22720	45	27061	45	23696
	46	49604	46	25228	46	30611	46	24010
1984	47	48521	47	25185	47	29869	47	24251
	48	48698	48	25281	48	29333	48	24493
	49	46645	49	24675	49	27414	49	24855
	50	47823	50	24028	50	26721	50	25048
1985	51	53052	51	26344	51	28574	51	25290
	52	54864	52	26823	52	28930	52	25483
	53	61530	53	29283	53	31492	53	25797
	54	65012	54	31410	54	33601	54	25966
1986	55	60468	55	30132	55	32193	55	26111
	56	72960	56	35290	56	37156	56	26449
	57	87231	57	40238	57	42720	57	26353
	58	93553	58	42592	58	44999	58	26425
1987	59	82542	59	39627	59	41062	59	26570
	60	86371	60	41842	60	42571	60	26763
	61	106898	61	50759	61	51317	61	27126
	62	104621	62	53272	62	52563	62	27440
1988	63	111995	63	56777	63	55749	63	27729
	64	88927	64	43977	64	44085	64	27947
	65	100335	65	46480	65	47392	65	28164
	66	107311	66	49515	66	50056	66	28502
1989	67	105853	67	49653	67	49730	67	28913
	68	107404	68	51158	68	50482	68	29179
	69	117426	69	54775	69	54123	69	29656
	70	124277	70	59546	70	58562	70	29976
1990	71	135522	71	65881	71	64497	71	30169
	72	133003	72	67206	72	63984	72	30531
	73	131154	73	65183	73	62581	73	31087
	74	131990	74	69211	74	67101	74	31401
1991	75	111333	75	59736	75	56465	75	32029
	76	116611	76	65046	76	61087	76	32415
	77	138452	77	74504	77	71872	77	32633
	78	136860	78	74303	78	71176	78	32874
1992	79	149259	79	78263	79	76341	79	33116
	80	157618	80	84775	80	83235	80	33382
	81	162078	81	82672	81	82319	81	33647
	82	159469	82	84210	82	80113	82	33889
1993	83	167044	83	86846	83	82496	83	34106
	84	189879	84	91214	84	89848	84	34396
	85	208278	85	95200	85	92144	85	34686
	86	215651	86	95619	86	92749	86	34879
1994	87	234327	87	98067	87	97203	87	35048
	88	228375	88	100342	88	99458	88	35338
	89	221843	89	96569	89	96044	89	35556
	90	219203	90	96936	90	93504	90	35773
	91	227686	91	101657	91	98580	91	36087
	92	225091	92	101617	92	97271	92	36280

1995	93	245506	93	111514	93	104431	93	36546
	94	271285	94	122063	94	114202	94	36836
	95	298576	95	131706	95	123909	95	37005
	96	302248	96	139569	96	126735	96	37126
1996	97	317905	97	147050	97	133553	97	37585
	98	334627	98	153579	98	139376	98	37850
	99	348213	99	158217	99	143418	99	38019
	100	382268	100	171365	100	150775	100	38331
1997	101	386091	101	176009	101	148815	101	38712
	102	452576	102	206652	102	172283	102	39010
	103	502902	103	222048	103	190631	103	39400
	104	515475	104	228376	104	188286	104	39873
1998	105	570785	105	260189	105	212500	105	40271
6/30/98	106	586539	106	268697	106	216367	106	40497

A hypothetical \$10,000 investment in Class A shares made at the inception of The Guardian Park Avenue Fund on June 1, 1972 has a starting point of \$9,550, which reflects the current maximum sales charge for Class A shares of 4.5%. This investment would have grown to \$586,539 on June 30, 1998. We compare our performance to that of the S&P 500 Index, which is an unmanaged index that is generally considered the performance benchmark of the U.S. stock market. While you cannot invest directly in the S&P 500 Index, a similar hypothetical investment would now be worth \$268,697. The Fund also fared well relative to other U.S. growth funds. The average return of U.S. equity growth funds reported by Lipper Analytical Services, Inc. measures the performance of other funds with investment objectives and policies similar to those of The Guardian Park Avenue Fund. The average of U.S. growth funds on the same \$10,000 investment over the same time period would have been \$216,367. The Cost of Living, as measured by the Consumer Price Index, which is generally representative of the level of U.S. inflation, is also provided to lend a more complete understanding of the investment's real worth.

5

THE GUARDIAN PARK AVENUE SMALL CAP FUND

[PHOTO]

Larry Luxenberg, C.F.A.
Portfolio Manager

Q. SMALL CAP STOCKS HAVE BEEN IGNORED IN THIS MARKET, WHICH HAS FAVORED LARGE CAP STOCKS. HOW HAS THE FUND FARED DURING THE FIRST HALF OF 1998?

A. This has been a discouraging period for small cap stocks as investors seem to ignore any good news and cling to anything bad. In spite of this, the actual returns have not been too bad. In the first half of 1998, the Fund had a return of 6.75%, (1) compared to 4.93% for the Russell 2000, (2) a leading index of small cap performance. For the last twelve months, the Fund had a return of 26.32%, compared to 16.51% for the Russell 2000 and 30.03% for the S&P 500. (3)

Q. WHAT WERE THE SIGNIFICANT FACTORS THAT AFFECTED THE FUND'S PERFORMANCE?

A. We continued to overweight financial stocks, which have benefited from the current benign interest rate environment. Additionally, we added to our holdings in retailers, homebuilders and business services, which are benefiting from the extended recovery, high consumer confidence and increasing disposable income.

In this difficult market we also emphasize systematic efforts to weed out possible sources of trouble early in the process. Companies and industries, once they begin struggling, tend to face difficulties for a long time. Investors and analysts are always amazed at how far down a stock can go. While we tend to be patient long-term investors, sometimes the old Wall Street axiom of "cut your losses" is a wise one.

Q. WHAT STRATEGIES ARE USED TO MANAGE THE FUND?

A. We look for dynamic companies with sound business models able to exploit opportunities in our fast-changing economy. Many of our companies are in businesses that did not exist a decade ago.

Also, we continue to invest in companies whose operations are largely domestic. Most of our companies do not have much direct exposure to the Asian economies. Meanwhile, we have been looking for companies in market niches, who can heavily influence their own fate regardless of external economic forces. With outsourcing and partnerships so prevalent, small companies with important breakthroughs are able to grow much faster than in the past.

Q. WHAT IS THE OUTLOOK FOR SMALL CAP STOCKS?

A. While small cap stocks have trailed the broad market recently, historically they have outperformed large cap stocks, according to a recent Ibbotson Sinquefeld study.(4) The timing of any switch in performance is uncertain, but the fundamental outlook continues to improve.

While some small caps have had unexpected earnings difficulties, so too have some large cap stocks. But what is harder to explain is why small cap companies that have performed well and met or exceeded investors' expectations still lag the bigger cap stocks. One reason is that in times of turmoil, investors prefer perceived safety as opposed to opportunity--fear triumphs over greed. With the cloud of financial

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- (1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures for Class A shares do not take into account the current maximum sales charge of 4.5%. Total return figures for Class B shares do not take into account the contingent deferred sales charge applicable to such shares (maximum of 3%). Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.
 - (2) The Russell 2000 Index is generally considered to be representative of small-capitalization issues in the U.S. stock market. The returns for the Russell 2000 do not reflect expenses which are deducted from the Fund's returns. Likewise, return figures for the Russell 2000 Index do not reflect any sales charges that an investor may have to pay when purchasing or redeeming shares of the Fund.
 - (3) The S&P 500 Index is an unmanaged index of 500 large-cap U.S. stocks that is generally considered to be representative of U.S. stock market activity. The S&P 500 Index is not available for direct investment and its returns do not reflect the fees and expenses that have been deducted from the Fund. Likewise, return figures for the S&P 500 Index do not reflect any sales charges that an investor may have to pay when purchasing or redeeming shares of the Fund.
 - (4) The study is taken from Stocks, Bonds, Bills & Inflation 1997 Yearbook, (TM) Ibbotson, Chicago (annually updates work by Roger G. Ibbotson and Rex Sinquefeld).

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meltdown and disarray in Asia overhanging our markets, investors have continued to gravitate to the largest companies. A second reason is the continued popularity of indexing, much of which is tied to the S&P 500. In the short run this becomes a self-fulfilling prophecy in which cash is blindly thrown at the largest stocks. Thirdly, the U.S. economic recovery, which began during the Gulf War, is now one of the longest on record. In the early phases, corporate profit growth was rapid. Companies had downsized during the recession and profitability soared afterwards.

Now after years of near record margins and profitability, companies are having difficulty maintaining that growth. Pricing power is confined to small sectors of the economy, wages are rising and cost cutting opportunities are much diminished. Productivity, however, has been improving. Normally, late in a bull market, investors turn to smaller and more speculative issues as performance gets harder to come by. Lately, much of that sort of attention has been confined to internet stocks and other technology issues. Investment fads can persist for long periods. In time, though, these excesses or neglected securities tend to correct. No doubt in some future report we will be remarking that small caps are the current "smash hit" among investors.

THE GUARDIAN PARK AVENUE SMALL CAP FUND PROFILE AS OF JUNE 30, 1998

TOP TEN HOLDINGS AS OF 6/30/98

1. Fidelity National Financial, Inc.	3.07%
2. AFC Cable Systems, Inc.	2.99%
3. Ethan Allen Interiors, Inc.	2.03%

4. Earthgrains Co.	1.41%
5. Fifth Third Bancorp	1.26%
6. National RV Holdings, Inc.	1.14%
7. Lone Star Industries, Inc.	1.08%
8. Shopko Stores, Inc.	1.04%
9. Southdown, Inc.	0.94%
10. Landamerica Financial Group, Inc.	0.92%

For a complete list of portfolio holdings,
please see the Schedule of Investments.

AVERAGE ANNUAL RETURN(1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	Since Inception
Class A Shares (with sales charge)	5/1/97	20.64%	32.09%
At Net Asset Value (without sales charge)		26.32%	37.42%
Class B Shares (with sales charge)	5/6/97	22.17%	30.36%
At Net Asset Value (without sales charge)		25.17%	32.85%

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THE GUARDIAN ASSET ALLOCATION FUND

[PHOTO]

Jonathan C. Jankus, C.F.A.
Portfolio Manager

Q. THIS HAS BEEN AN INTERESTING SIX MONTHS FOR THE U.S. STOCK AND BOND MARKETS.
HOW HAS THE FUND PERFORMED?

A. In the first half of this year, the total return on stocks, as measured by the S&P 500 Index, (1) was 17.71% and the total return on bonds, as measured by the Lehman Aggregate Bond Index, (2) was 3.93%. Our theoretical benchmark, a portfolio created to hold 60% of its value in the S&P 500 and 40% in the Lehman Aggregate would thus have returned 12.11%. The Fund's return over the period was 9.24%. (3)

While our return relative to our benchmark was a disappointment, the Fund performed in line with its competition. We modestly trailed the 10.13% return of funds with similar objectives and policies in the Lipper(4) universe, but exceeded the median return of 8.60% produced by Morningstar's(5) universe of asset allocation funds.

Q. WHAT STRATEGIES WERE USED BY THE FUND AND HOW DID THEY AFFECT PERFORMANCE?

A. As always, the Fund is managed using quantitative models that attempt to judge the relative risk-adjusted attractiveness of the stock, bond and cash markets. While interest rates are the operative variables in the fixed income markets, corporate profitability and growth are added to the mix for the equity markets.

In general, a benign interest rate environment and a healthy profit outlook led us to overweight stocks at the end of last year, moving to a more neutral position at the beginning of March. Specifically, our stock/bond/cash mix at year-end was 76%/20%/4% and was lowered to 63%/21%/16% at the beginning of March. By the end of April, we had moved to a 50%/50%/0% mix as a rise in interest rates made stocks relatively less attractive than bonds. These weightings should be compared to the completely neutral 60%/40%/0% mix that we would expect to own when the markets were all fairly valued relative to one another.

The increased caution that we have shown by maintaining this modest underweighting in stocks for the past two months has, so far, proved unnecessary as stocks have risen another 2.27% (as measured by the S&P 500) since then.

Q. WHAT ARE YOUR EXPECTATIONS FOR THE FUTURE AND HOW ARE YOU POSITIONING THE FUND TO TAKE ADVANTAGE OF THOSE EXPECTATIONS?

A. At present, we maintain our somewhat cautious approach to the stock market with exposures of approximately 50%/50%/0% to the stock, bond and cash markets respectively. We will maintain this stance until either interest rates decline sufficiently or corporate profitability rebounds in spite of a slowing economy.

- (1) The S&P 500 Index is an unmanaged index of 500 large-cap U.S. stocks that is generally considered to be representative of U.S. stock market activity. The S&P 500 Index is not available for direct investment and its returns do not reflect the fees and expenses that have been deducted from the Fund. Likewise, return figures for the S&P 500 Index do not reflect any sales charges that an investor may have to pay when purchasing or redeeming shares of the Fund.
- (2) The Lehman Aggregate Bond Index is an unmanaged index that is generally considered to be representative of U.S. bond market activity. The Lehman Aggregate Bond Index is not available for direct investment and the returns do not reflect the fees and expenses that have been deducted from the Fund. Likewise, return figures for the Lehman Aggregate Bond Index do not reflect any sales charges that an investor may have to pay when purchasing shares of the Fund.
- (3) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures for Class A shares do not take into account the current maximum sales charge of 4.5%. Total return figures for Class B shares do not take into account the contingent deferred sales charge applicable to such shares (maximum of 3%). Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.
- (4) Lipper Analytical Services, Inc. is an independent mutual fund monitoring and rating service. Its database of performance information is based on historical total returns, which assume the reinvestment of dividends and distributions, and the deduction of all fund expenses. Lipper returns do not reflect the deduction of sales loads, and performance would be different if sales loads were deducted.
- (5) Morningstar is an independent mutual fund monitoring and rating service and its database of performance information is based on historical total returns, which assume the reinvestment of dividends and distributions, and the deduction of all fund expenses.

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THE GUARDIAN ASSET ALLOCATION FUND PROFILE
AS OF JUNE 30, 1998

PORTFOLIO COMPOSITION BY ASSET CLASS

[GRAPHICAL REPRESENTATION OF 2 PIE CHARTS]

Cash	4%	Stocks	50%
Stocks	76%	Bonds	50%
Bonds	20%		

AS OF DECEMBER 31, 1997

AS OF JUNE 30, 1998

The market exposure shown above provides a comparison of the Fund's allocation to different market segments. For a complete listing of Fund holdings, please refer to the Schedule of Investments.

<TABLE>
<CAPTION>

AVERAGE ANNUAL RETURNS(1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	3 Years	5 Years	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>

Class A Shares (with sales charge)	2/16/93	13.62%	18.84%	14.60%	14.87%
At Net Asset Value (without sales charge)		18.97%	20.68%	15.66%	15.86%

Class B Shares (with sales charge)	5/1/96	14.84%	N/A	N/A	20.18%
At Net Asset Value (without sales charge)		17.84%	N/A	N/A	20.93%

</TABLE>

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THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND

[PHOTO]

R. Robin Menzies,
Portfolio Manager

Q. HOW DID THE FUND PERFORM FOR THE FIRST SIX MONTHS OF 1998?

A. The first six months, and particularly the second quarter of the year, was packed with incident: the new European currency was successfully launched and the European Central Bank got under way, while in Asia the Japanese economy and currency weakened and the Asian crisis deepened. The contrast between generally good news in the west and bad news in the east was reflected in market movements. For the first half of 1998 the Fund returned 18.79%, (1) while the Morgan Stanley Capital International (MSCI) Europe, Australia, and Far East (EAFE) Index (2) returned 16.08% during this period. Even in the west, where equities performed well, there were signs that investors were beginning to favor bond markets as the quarter progressed. This tendency was less marked in Europe than it was in the U.S., where earnings growth is clearly slowing and Treasury obligations attracted those looking for a safe haven.

Q. WHAT FACTORS AFFECTED THE FUND'S PERFORMANCE AND WHAT STRATEGIES DID YOU USE TO MANAGE THE FUND?

A. We always felt that the Asian crisis would deepen and so resisted the temptation to reinvest in those markets when they staged an ill-founded recovery earlier in the year. In fact, Asian markets have deteriorated even more than we anticipated. A vicious circle has developed in which worsening Asian prospects undermine confidence in Japanese banks and exporters, weakening the yen, which in turn makes it more difficult for the rest of Asia to export its way out of trouble. There is a danger that this vortex will suck in the Chinese, which would have a very harmful effect on the whole region. The only way for this vicious circle to be broken is for the Japanese economy to stabilize, and this requires continual fiscal stimulus (the most recently announced package is just starting to take effect) backed up by structural reform. The likelihood is that the Japanese will do just enough to stop the situation deteriorating dramatically--but the possibility that they might not is the single greatest threat to world financial markets at the moment.

We believe that detailed analysis of the businesses of individual companies has been the best route to investment success. As a result, we have had a low weighting in Japan for the Fund, and the Japanese holdings have been concentrated in companies that are global leaders in areas like electronics, office equipment, and auto manufacturing. And it was our company analysis that deterred us from going back into the other Asian markets which bounced in the first quarter and then retreated again. We have little invested there.

On the surface at least, it is surprising that European stock markets have continued to perform very well despite the problems of Asia. On further investigation, however, the good performance does have solid foundations: European companies are continuing to restructure and pass on more of the benefits of their success to shareholders; euro interest rates will remain sustainably low for some time to come and, on top of this, the long-awaited recovery is finally taking place. The result is that top line growth is amplifying the effect of cost cutting, which is leading to strong earnings

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- (1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures for Class A shares do not take into account the current maximum sales charge of 4.5%. Total return figures for Class B shares do not take into account the contingent deferred sales charge applicable to such shares (maximum of 3%). Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.

(2) The MSCI EAFE Index is an unmanaged index that is generally considered to be representative of international stock market activity. The MSCI EAFE Index is not available for direct investment and its returns do not reflect expenses that have been deducted from the Fund's return.

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growth against a background of low interest rates. This happy combination is likely to persist as there is still considerable underused capacity on the Continent. It is not surprising, therefore, that European markets have done well and we continue to have a heavy weighting in them.

It is worth saying something about the effect that the Asian crisis has had so far on the global economy. The crisis has had two main outcomes, as far as the rest of the world is concerned: it has altered trade patterns and depressed commodity prices. Western exports to Asia have fallen sharply, and this has shown up in deteriorating trade deficits. Few Asian countries are showing much increase in exports in U.S. dollar terms, although volumes have picked up. In any case, the effect is likely to be a slightly dampening one on growth in the West.

Industrial commodities are now 24.3% cheaper in U.S. dollar terms than they were a year ago using the Economist index, and the Brent crude oil price is 22.3% lower. These sharp declines are damaging some countries (Chile, for example with its dependence on copper, and Norway with its huge oil revenues), but the overall effect is likely to be positive on margins and inflation.

As a result of these two Asian effects (lower growth because of weaker trade and lower inflation), the balance of attraction tipped towards bonds in most markets during the quarter, apart from in Europe, where growth and profits remain strong.

Q. WHAT IS YOUR OUTLOOK FOR THE INTERNATIONAL MARKET?

A. The final piece of the jigsaw puzzle is the so called 'technical position,' in other words the supply and demand for equities in world markets. This remains extremely favorable and goes a long way to explain equity markets' resilience. The retirees of the future are pouring money into equities and there is a significant switch in favor of equities away from traditional cash and bond based investments taking place in Europe. At the same time, equity issuance remains very low. The favorable technical position and Europe's good prospects are the two main supports for our generally optimistic view.

We are positive about Continental Europe, less so about the UK. Many of the smaller Asian economies have deep seated problems. The progress of reform in Japan is an important factor for markets. We believe that the authorities are likely to do just enough to get by. Markets in the rest of the world will probably continue to receive support from technical factors and try their hardest to put a positive interpretation on bad news from Asia.

THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND PROFILE AS OF JUNE 30, 1997

<TABLE>
<CAPTION>

AVERAGE ANNUAL RETURNS(1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	3 Years	5 Years	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>
Class A Shares (with sales charge)	2/16/93	10.76%	16.74%	13.62%	14.41%
At Net Asset Value (without sales charge)		15.98%	18.55%	14.67%	15.39%
Class B Shares (with sales charge)	5/1/96	11.68%	N/A	N/A	14.06%
At Net Asset Value (without sales charge)		14.68%	N/A	N/A	14.85%

</TABLE>

[PHOTO]

Edward H. Hocknell
Portfolio Manager

Q. HOW DID THE FUND PERFORM DURING THE FIRST HALF OF 1998?

A. For the six months ended June 30, 1998, the Fund had a total return of -20.54%, (1) compared with a return of -19.87% over the same period from the Morgan Stanley Capital International (MSCI) Emerging Markets Free (EMF) Index. (2) The Fund's performance was hit by the renewed weakness in the emerging markets following investors' reappraisal of the depth of the Asian crisis. Asian markets performed worse, but the others did not escape. One effect of the Asian crisis was to spread concerns (partially with respect to Latin America) about growth, commodity prices and the interest rates that other emerging economies would have to pay in the future. Central European markets were largely unharmed during the period (Poland's market, for example, rose by over 14%).

Q. WHAT FACTORS AFFECTED THE PERFORMANCE OF THE FUND?

A. We remained overweighted in the Latin American and Central European markets during the period. This strategy hurt us in the first quarter of the year as Asia enjoyed a short lived recovery, but was beneficial over the period as a whole.

The outlook for the emerging markets is clouded by the deteriorating situation in Asia. Years of low interest rates have led to excessive investment and bad debts, which have severely weakened the financial infrastructure of many Asian economies. Whatever problems Latin America suffers from, they are not the result of years of low interest rates and excessive investment. Nevertheless, emerging market investors have shown once again their tendency to tar all the emerging markets with the same brush. Geographic diversification has provided little protection (in the short term at least). There has been no place to hide.

Q. WHAT STRATEGIES DID YOU USE TO MANAGE THE FUND AND WHAT IS YOUR OUTLOOK GOING FORWARD?

A. The crisis rumbles on in Asia. There will be no quick bailout on the Mexican model. Some countries have responded well to the challenge--Korea is a good example--and others, such as China, Taiwan and India, have enough momentum to maintain their growth, albeit at a lower level than in recent years. These are the countries where we have maintained an exposure for the Fund in the belief that, from a longer term perspective, some excellent companies can now be bought at very low valuations. We are keeping pretty well clear of Indonesia, Thailand and Malaysia where massive amounts of capital are still required to stabilize the situation. Our perception is that consensus expectations for Asian growth and profitability over the next couple of years are only just now beginning to catch up with reality, having previously been too high, so it is still too early to become optimistic about equity prices there. We should also like to see evidence that the Japanese yen has stabilized before becoming more confident about the region.

The situation in Latin America is quite different. Governments there reacted sensibly to the Asian crisis; although growth has decelerated as rates have had to rise, we do not expect the tough monetary disciplines of recent years to be abandoned. Shares are reasonably valued on undemanding expectations for earnings

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- (1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures for Class A shares do not take into account the current maximum sales charge of 4.5%. Total return figures for Class B shares do not take into account the contingent deferred sales charge applicable to such shares (maximum of 3%). Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.
- (2) The Morgan Stanley Capital International (MSCI) Emerging Markets Free Index (EMF) is an unmanaged index that is generally considered to be representative of the stock market activity of emerging markets. The Index is a market capitalization weighted index composed of companies representative of the market structure of 22 emerging market countries in Europe, Latin America, and the Pacific Basin. The MSCI EMF Index excludes closed markets and those shares in otherwise free markets which may not be purchased by foreigners. The MSCI EMF Index is not available for direct investment and the returns do not reflect the fees and expenses that have been deducted from the Fund.
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growth, and the better companies have continued to cut costs and consolidate. We think the fears about continuing reform in Brazil are overdone; the market is now trading at less than 10 times 1998 earnings and has been depressed by extraneous concerns (a possible currency crisis in Russia, for example). The Fund now has a heavy weighting in Brazil.

We have recently become more optimistic about Central Europe (Poland, Hungary and the Czech Republic). Markets there have been quite weak and are reasonably valued. We expect them to show good earnings growth again this year. They are all beneficiaries of a stronger recovery than expected in Germany, and there is now the prospect (however distant) of eventual inclusion in the single European currency, which will have a beneficial effect on interest rates and long term inflation expectations.

To sum up: The emerging markets have taken a beating, but the concept is still intact and good growth prospects can be found there at lower valuations than elsewhere. We need to see some stability in Asia before becoming really confident, but the longer term prospects are good.

 THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND
 PROFILE AS OF JUNE 30, 1998

TOP 10 HOLDINGS

COMPANY	COUNTRY	NATURE OF COMPANY
1. Telesp	Brazil	Telecommunications
2. CIE	Mexico	Media & Entertainment
3. Telebras ADR	Brazil	Telecommunications
4. Banco Itau	Brazil	Banking
5. Siliconware Precision Ind.	Taiwan	Industrial
6. Orient Semiconductor Elect.	Taiwan	Electricals
7. Bank Handlowy	Poland	Banking
8. Bank Roswoju Eksport	Poland	Banking
9. Comp. Brasileiras de Dist.	Brazil	Retail
10. Elektrim	Poland	Electricals

For a complete list of portfolio holdings, please see the Schedule of Investments.

PORTFOLIO COMPOSITION BY GEOGRAPHIC LOCATION

[GRAPHICAL REPRESENTATION OF PIE CHART

South Africa--4.8%
 Cash--11.0%
 Eastern Europe--15.3%
 Asia--18.3%
 Latin America--50.6%

 TOTAL RETURNS(1) FOR PERIOD FROM INCEPTION TO 6/30/98

	Inception Date	1 Year	Since Inception
Class A Shares (with sales charge)	5/1/97	-35.90%	-26.57%
At Net Asset Value (without sales charge)		-32.88%	-23.61%
Class B Shares (with sales charge)	5/6/97	-36.23%	-27.65%
At Net Asset Value (without sales charge)		-34.26%	-25.72%

[PHOTO]

Thomas G. Sorell, C.F.A.
Co-Portfolio Manager

[PHOTO]

Howard W. Chin
Co-Portfolio Manager

Q. HOW DID THE FUND PERFORM DURING THE FIRST HALF OF 1998?

A. The Fund performed well for the first half of 1998. The Fund had a total return of 3.87%(1) for the six months ended June 30, 1998, exceeding the return of the average fund in our Lipper Intermediate Investment Grade peer group,(2) which returned 3.61% for the same period. This group consists of mutual funds that invest primarily in investment grade debt with average maturities of 5-10 years. Another commonly used benchmark, the Lehman Aggregate Bond Index,(3) which is not available for direct investment, returned 3.93% for the first half of 1998.

Q. WHAT FACTORS AFFECTED THE FUND'S PERFORMANCE?

A. Early in the year market participants expected that the Asian financial crisis would significantly slow U.S. economic growth and might motivate the Federal Reserve to ease monetary policy. However, as it became apparent that U.S. domestic demand remained robust and that the Asian effect might not reduce growth sufficiently to alleviate inflationary pressures from developing, market psychology changed to one of expecting the Fed to leave rates unchanged. The Fed's patience and inaction proved appropriate as the economy grew 5.5% in the first quarter but slowed to 1.4% in the second quarter.

Although it was not clear to what degree the financial crisis in Asia would slow U.S. economic growth, there is no doubt that it caused a flight to quality as both U.S. and international investors sought U.S. Treasuries as a safe investment haven. By July, Treasury rates had declined 15 to 30 basis points along the yield curve, with the 30-year Treasury bond declining to its lowest level (5.57%) since first issued in 1977.

Unlike 1997, when the Fund's performance was driven by its overweight in the spread product sectors (corporate bonds, mortgage- and asset-backed securities), performance in the first half of 1998 was driven by the Treasury sector. For the most part, spread products have lagged the performance of Treasuries in 1998. As the year began, the Fund was properly positioned for this, being overweighted in U.S. Treasuries, and the Fund's performance benefited. As the year progressed, the Fund began to reduce the Treasury position and reinvest in cheaper spread sectors, particularly corporate and mortgage-backed securities. This strategy worked until further spread widening in June, and ultimately acted as a small positive contribution to overall performance for the first half of the year.

As mentioned earlier, the corporate bond sector experienced some volatility during the first half of 1998, returning 4.15% as measured by the Lehman Corporate Bond Index, but underperformed comparable-duration Treasuries by 25 basis points, or 0.25%. Corporate bonds began the year by underperforming by 54 basis points (0.54%) on a duration-adjusted basis(4) in January, and underperformed once again in June by 47 basis points (0.47%). In the intervening months, the corporate market performed fairly well but not enough to overcome January and June's negative returns.

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- (1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures do not take into account the current maximum sales charge of 4.5%. Since June 1, 1994, the investment adviser for the Fund has been assuming the operating expenses of the Fund to the extent they exceed, on an annual basis, 0.75% of the Fund's average daily net assets. Without these expense reimbursements, the performance figures would have been lower. Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.
- (2) Lipper Analytical Services, Inc. is an independent mutual fund monitoring and rating service and its database of performance information is based on historical total returns, which assume the reinvestment of dividends and distributions, and the deduction of all fund expenses. Lipper returns do not reflect the deduction of sales loads, and performance would be different if sales loads were deducted.

- (3) The Lehman Aggregate Bond Index is an unmanaged index that is generally considered to be representative of U.S. bond market activity. The Lehman Aggregate Bond Index is not available for direct investment and the returns do not reflect the fees and expenses that have been deducted from the Fund. Likewise, return figures for the Lehman Aggregate Bond Index do not reflect any sales charges that an investor may have to pay when purchasing shares of the Fund.
- (4) Duration-adjusted, expressed in percentage terms, represents the excess return over the weighted average return of a group of similar duration Treasuries.

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Historically low interest rates were a significant contributor to the sector's underperformance as corporations deluged the market with new issuance to take advantage of attractive financing rates. As of June 30, 1998, corporate issuance had exceeded \$200 billion; an increase of \$70 billion relative to the comparable period last year.

Within the corporate market, only two sectors outperformed Treasuries during the first half of 1998; Finance and Media/Cable. The Fund was well represented in these two sectors.

The mortgage-backed securities sector returned 3.38% in the first half of 1998 as measured by the Lehman Mortgage-Backed Index, and outperformed comparable-duration Treasuries by 0.10%. Interest rate volatility continued to remain at low levels, and although low Treasury yields have caused prepayment concerns, the Fund was positioned favorably since a high percentage of its holdings were in below par mortgages, which have less exposure to prepayment risk relative to higher coupons. Much of the widening observed in the mortgage-backed sector was experienced by the higher coupons.

The Fund also offset some of its prepayment risk by adding mortgage-related asset-backed securities such as home equity loans and manufactured housing loans which have less incentive to refinance due to their lower loan balances. Asset-backed securities returned 3.61% as measured by the Lehman Asset-Backed Index, but turned in the best performance among the various components of the Index on a duration-adjusted basis, outperforming Treasuries by 0.21%.

Q. WHAT STRATEGIES DID YOU USE TO MANAGE THE FUND AND WHAT IS YOUR OUTLOOK FOR THE REST OF 1998?

A. Owning corporate, mortgage-backed and asset-backed securities provided a small positive return to the Fund's performance, while our early defensive position in U.S. Treasuries served us extremely well. We currently believe that corporate and mortgage-backed valuations are the most attractive that they have been in some time, but nevertheless we remain cautious and will be very selective with respect to both the corporate credits and the mortgage risk exposure we include in the Fund. As always, we will continue to adjust asset allocations to reflect changes in sector valuations and take advantage of attractive investment opportunities.

THE GUARDIAN INVESTMENT QUALITY BOND FUND
PROFILE AS OF JUNE 30, 1998

[GRAPHICAL REPRESENTATION OF PIE CHART]

Yankee Bonds--1.4%
Cash Equivalents--3.4%
Multi-Class MBS--5.2%
Asset-Backed--11.4%
Mortgage Pass Throughs--13.7%
U.S. Government Securities--32.2%
Corporate Bonds--32.7%

AVERAGE ANNUAL RETURNS (1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	3 Years	5 Years	Since Inception
Class A Shares (with sales charge)	2/16/93	4.31%	5.34%	4.66%	4.96%
At Net Asset Value					

THE GUARDIAN TAX-EXEMPT FUND

[PHOTO]

Alexander M. Grant, Jr.
Portfolio Manager

Q. HOW DID THE FUND PERFORM DURING THE FIRST SIX MONTHS OF 1998?

A. The Fund produced a total return of 2.31%(1) for the six-month period ended June 30, 1998. The Lehman Municipal Bond Index,(2) which is not available for direct investment, produced a total return of 2.69% for the same period.

Another important comparison that should be considered when measuring the Fund's performance is how it stacks up to its peers. Lipper Analytical, a service that ranks general municipal bond funds by total rate of return, is a good source of this information.(3) Based on peer group comparisons, the Fund ranked, for the first six months of 1998, 115 out of 246 funds with the same objective. The average Lipper municipal bond fund return for that period was 2.26%.

As of June 30, 1998 the Fund's 30-day yield was 4.46%, which provides a taxable equivalent yield of 7.38% for a person in the highest federal income tax bracket.

Q. WHAT FACTORS AFFECTED THE FUND'S PERFORMANCE?

A. The biggest factor affecting the Fund's performance was the 51% jump in year-to-date municipal bond new issue volume above 1997 levels. Seeing 30-year Treasury bond yields at or close to historic lows, municipal bonds issuers have flooded the market with new money as well as refunding bonds. In June alone, long-term municipal bond sales jumped 20% from sales in June 1997 and reflected the highest issuance since 1993.

The combination of this high new issue volume and continued stock market appeal for investor dollars drove the municipal bond market to underperform long Treasury bonds. The latter, unlike the municipal bond market, benefited in part by investors fleeing the troubled emerging markets. Consequently, the municipal market did not experience the Treasury market's rallies. The ratio of long-term municipal bond yields as a percentage of Treasury yields are at 12-month highs.

Q. WHAT STRATEGIES DID YOU USE TO MANAGE THE FUND DURING THIS PERIOD?

A. With the flood of new issues along with weak demand, buying opportunities presented themselves. With our disciplined investment strategy we looked to swap old bonds with lower yields and undesirable structures into new issues with higher yields and better structures. Guiding our decisions are the bond analytics systems we have internally developed, which help us identify the most attractive sells and buys for maximizing portfolio performance. We continued to avoid lower quality bonds, as the "risk-reward" of narrow credit spreads did not justify their purchase. Additionally, we focused on the strongly secured national trading name General Obligation and Revenue bonds since the market was glutted with bonds and the ones we liked were available at attractive prices.

(1) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Total return figures do not take into account the current maximum sales charge of 4.5%. Since June 1, 1994, the investment adviser for the Fund has been assuming the operating expenses of the Fund to the extent they exceed, on an annual basis, 0.75% of the Fund's average daily net assets. Without these expense assumptions, the performance figures would have been lower. Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost

(2) The Lehman Municipal Bond Index is an unmanaged index that is generally considered to be representative of U.S. municipal bond market activity. The Lehman Municipal Bond Index is not available for direct investment and its return does not reflect the expenses that have been deducted from the Fund's return. Likewise, return figures for the Lehman Aggregate Bond Index do not reflect any sales charges that an investor may have to pay when purchasing shares of the Fund.

(3) Lipper Analytical Services, Inc. is an independent mutual fund monitoring and rating service and its database of performance information is based on historical total returns, which assume the reinvestment of dividends and distributions, and the deduction of all Fund expenses .

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Additionally, we tended to minimize buying insured bonds and only bought them when we were satisfied with the underlying credit quality of the bond and would pay little or nothing for the insurance. We have found that even generic AA state general obligation and revenue bonds, while lower in rating than an insured AAA bond, are better trading bonds with much more liquidity in both up and down markets.

THE GUARDIAN TAX-EXEMPT FUND PROFILE
AS OF JUNE 30, 1998

AVERAGE ANNUAL RETURNS(1) FOR PERIODS ENDED 6/30/98

	Inception Date	1 Year	3 Years	5 Years	Since Inception
Class A Shares (with sales charge)	2/16/93	3.29%	5.55%	3.62%	4.01%
At Net Asset Value (without sales charge)		8.16%	7.18%	4.58%	4.90%

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THE GUARDIAN CASH MANAGEMENT FUND

[PHOTO]

Alexander M. Grant, Jr.
Portfolio Manager

Q. HOW DID THE FUND PERFORM DURING THE FIRST HALF OF 1998?

A. As of June 26, 1998, the effective 7-day annualized yield for the Fund was 4.70%. (1) The Fund produced an annualized total return of 4.75% (2) in the first half of 1998. In contrast, the effective 7-day annualized yield of Tier One money market funds, as measured by IBC Financial Data, was 4.91% on June 26, 1998. These funds had a six-month total return of 4.95% for the period ended June 30, 1998. IBC Financial Data is a research firm that tracks money market funds.

Q. WHAT FACTORS AFFECTED THE FUND'S PERFORMANCE?

A. Money market funds are directly affected by the actions of the Federal Reserve Board. The Federal Reserve last changed the Fed Funds target from 5.25% to 5.50% on March 25, 1997. This move followed several months of strong economic data particularly with respect to housing data, consumer consumption and payroll data. The Discount Rate was left unchanged at 5.00%. The Fed Funds target is the rate at which banks can borrow from each other overnight. While the Federal Reserve Board does not set this rate, it can establish a target rate and, through open market operations, the Fed can move member banks in the direction of that target rate. The Discount Rate is the rate at which banks can borrow directly from the Federal Reserve. Uncertainty with the direction of the stock market contributed to large daily inflows and outflows of funds in the Cash Management Fund. As the stock market rallied, cash was transferred by our investors to equity funds. During those times when the stock market stalled, we saw cash inflows. Another factor affecting performance was the portfolio's average maturity--26 days as of June 30, 1998. The average Tier One money market fund as measured by IBC Financial Data had an average maturity of 52 days.

Q. WHAT STRATEGIES DID YOU USE TO MANAGE THE FUND?

A. The Guardian Cash Management Fund is a place for our investors to put their money while they determine their preferred long term investment vehicle, be it stocks or bonds. Also, some of our investors prefer the relative stability of the money markets. To best accommodate all our investors, we will continue to try to provide a strong 7-day yield, while offering safety and liquidity. Our investment strategy was to create a diversified portfolio of money market

instruments that presents minimal credit risks according to our criteria. As always, we only purchased securities from issuers that had received ratings in the two highest credit quality categories established by nationally recognized statistical ratings organizations like Moody's Investors Service, Inc. and Standard & Poor's Corporation for the Fund's portfolio. Most of the portfolio (85.2%) was invested in commercial paper; the balance (14.8%) was invested in repurchase agreements.

 INVESTMENTS IN THE FUND ARE NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT. WHILE THE FUND SEEKS TO MAINTAIN A STABLE PRICE OF \$1.00 PER SHARE, THERE IS NO ASSURANCE THAT IT WILL BE ABLE TO DO SO.

- (1) Yields are annualized historical figures and will vary as interest rates change. Effective yield assumes that income is reinvested. Yields will vary as interest rates change. Past performance is not a guarantee of future results. Throughout the six months ending June 30, 1998, the investment adviser for the Fund assumed the operating expenses of the Fund to the extent that they exceeded, on an annual basis, 0.85% of the Fund's average daily net assets. Without these expense assumptions, the Fund's performance and yields would have been lower.
- (2) Total return figures are historical and assume the reinvestment of dividends and distributions and the deduction of all Fund expenses. Since June 1, 1994, the investment adviser for the Fund has been assuming the operating expenses of the Fund to the extent they exceeded, on an annual basis, 0.85% of the Fund's average daily net assets. Without these expense assumptions, the performance figures would have been lower. The total return and yield figures cited represent total return and yield for both Class A and Class B shares. Total return figures do not take into account the current maximum sales charges. Returns represent past performance and are not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.

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SCHEDULE OF INVESTMENTS
 June 30, 1998 (Unaudited)

O The Guardian Park Avenue Fund

 COMMON STOCKS -- 93.0%

Shares		Value
AEROSPACE AND DEFENSE -- 1.7%		
39,000	Alliant Techsystems, Inc.*	\$ 2,466,750
80,000	Cordant Technologies, Inc.	3,690,000
68,800	General Dynamics Corp.	3,199,200
48,889	Lockheed Martin Corp.	5,176,123
115,580	Northrop Grumman Corp.	11,919,188
138,950	Precision Castparts Corp.	7,416,456
98,800	Rockwell Int'l. Corp.	4,748,575
50,000	Sundstrand Corp.	2,862,500
128,200	United Technologies Corp.	11,858,500

		53,337,292

 AIR TRANSPORTATION -- 1.7%

63,000	Alaska Air Group, Inc.*	3,437,438
125,000	America West Hldg. Corp.*	3,570,313
348,000	AMR Corp., DE*	28,971,000
43,000	Comair Hldgs., Inc.	1,327,625
100,000	Continental Airlines, Inc.*	6,087,500
75,000	Delta Airlines, Inc.	9,693,750
37,000	UAL Corp.*	2,886,000

		55,973,626

 APPLIANCE AND FURNITURE -- 0.8%

176,000	Ethan Allen Interiors, Inc.	8,789,000
141,000	Furniture Brands Int'l., Inc.*	3,956,812
100,000	Hon Industries, Inc.	3,400,000
80,000	Knoll Corp.*	2,360,000
60,000	Leggett & Platt, Inc.	1,500,000
180,000	Herman Miller, Inc.	4,376,250

		24,382,062

AUTOMOTIVE -- 2.1%		
150,000	Chrysler Corp.	8,456,250
940,000	Ford Motor Co.	55,460,000
69,700	General Motors Corp.	4,656,831

		68,573,081

AUTOMOTIVE PARTS -- 0.6%		
38,000	Arvin Industries, Inc.	1,379,875
68,000	Cooper Tire & Rubber Co.	1,402,500
84,000	Goodyear Tire & Rubber Co.	5,412,750
104,500	Kaydon Corp.	3,690,156
282,933	Meritor Automotive, Inc.	6,790,392
24,000	Modine Mfg. Co.	831,000
18,000	Timken Co.	554,625

		20,061,298

BIOTECHNOLOGY -- 0.1%		
56,100	Amgen, Inc.*	3,667,538

BUILDING MATERIALS AND HOMEBUILDERS -- 0.9%		
33,000	Centex Construction Products, Inc.	1,270,500
16,500	Crossman Communities, Inc.*	501,188
65,000	Fleetwood Enterprises, Inc.	2,600,000

Shares		Value

150,000	D.R. Horton, Inc.*	\$ 3,131,250
92,500	Lafarge Corp.	3,636,406
63,000	Lennar Corp.	1,858,500
6,700	Lone Star Industries, Inc.	516,319
50,555	Martin Marietta Materials, Inc.	2,274,975
18,000	Medusa Corp.	1,129,500
62,000	Southdown, Inc.	4,425,250
65,000	USG Corp.	3,518,125
24,000	U.S. Home Corp.*	990,000
6,300	Valspar Corp.	249,637
38,600	Vulcan Materials Co.	4,118,138

		30,219,788

CAPITAL GOODS-MISCELLANEOUS TECHNOLOGY -- 0.0%		
40,000	AFC Cable Systems, Inc.*	1,420,000

CHEMICALS -- 3.9%		
68,000	Albemarle Corp.	1,500,250
233,400	Cambrex Corp.	6,126,750
49,000	Carlisle Cos., Inc.	2,110,063
115,000	Crompton & Knowles Corp.	2,896,562
36,900	Dexter Corp.	1,173,881
270,000	Dow Chemical Co.	26,105,625
551,600	E.I. Dupont de Nemours, Inc.	41,163,150
230,000	Lyondell Petrochemical Co.	7,000,625
150,000	Millennium Chemicals, Inc.	5,081,250
153,500	Minnesota Mining & Mfg. Co.	12,615,781
146,100	Morton Int'l., Inc.	3,652,500
65,000	PPG Industries, Inc.	4,521,562
25,000	Rohm & Haas Co.	2,598,438
215,000	Solutia, Inc.	6,167,812
43,700	Union Carbide Corp.	2,332,488

		125,046,737

COMPUTER SOFTWARE -- 3.9%		
8,000	ChoicePoint, Inc.*	405,000
215,000	Computer Associates Int'l., Inc.	11,945,938
27,000	DST Systems, Inc.*	1,512,000
7,500	J.D. Edwards*	322,031
932,000	Microsoft Corp.*	101,005,500
74,000	Sterling Software, Inc.*	2,187,625
100,000	SunGuard Data Systems, Inc.*	3,837,500
65,000	Symantec Corp.*	1,698,125
36,000	Wind River Systems, Inc.*	1,291,500

		124,205,219

COMPUTER SYSTEMS -- 6.1%		
24,000	Apple Computer, Inc.*	687,000
325,300	Compaq Computer Corp.	9,230,387
37,200	Honeywell, Inc.	3,108,525
602,100	Int'l. Business Machines	69,128,606

459,600	Lexmark Int'l. Group, Inc.*	28,035,600
150,000	Pitney Bowes, Inc.	7,218,750

See notes to financial statements. * Non-income producing security.

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THE GUARDIAN PARK AVENUE FUND
Schedule of Investments (Continued)

Shares		Value
30,600	Sanmina Corp.*	\$ 1,327,275
1,465,600	Storage Technology Corp.*	63,570,400
240,200	Sun Microsystems, Inc.*	10,433,687
186,600	Western Digital Corp.*	2,204,213
		194,944,443
CONGLOMERATES -- 0.7%		
90,000	Loews Corp.	7,841,250
190,000	Textron, Inc.	13,620,625
		21,461,875
CONTAINERS-METALS AND PLASTIC -- 0.1%		
37,000	Aptargroup, Inc.	2,300,937
COSMETICS AND TOILETRIES -- 0.0%		
14,400	Alberto-Culver Co.	365,400
15,666	Herbalife Int'l., Inc.	323,111
		688,511
DRUGS AND HOSPITALS -- 9.4%		
1,060,000	Abbott Laboratories	43,327,500
65,820	Allegiance Corp.	3,373,275
240,000	American Home Products Corp.	12,420,000
302,000	Arterial Vascular Engineering, Inc.*	10,796,500
19,500	Biomet, Inc.*	644,719
463,200	Bristol-Myers Squibb Corp.	53,239,050
25,000	Health Care & Retirement Co.*	985,938
145,000	Lincare Hldgs., Inc.*	6,099,062
319,300	Merck & Co., Inc.	42,706,375
27,000	Patterson Dental Co.*	988,875
734,900	Pfizer, Inc.	79,874,444
27,000	Safeskin Corp.*	1,110,375
517,400	Schering-Plough Corp.	47,406,775
		302,972,888
ELECTRICAL EQUIPMENT -- 2.9%		
998,000	General Electric Co.	90,818,000
25,000	Hubbel, Inc.	1,040,625
		91,858,625
ELECTRONICS AND INSTRUMENTS -- 0.1%		
46,000	Analogic Corp.	2,058,500
30,600	Dynatech Corp.*	95,625
23,200	Fluke Corp.	762,700
60,000	Tektronix, Inc.	2,122,500
		5,039,325
ENERGY-MISCELLANEOUS -- 0.3%		
495,300	Frontier Oil Corp.*	3,962,400
129,500	Giant Industries, Inc.	2,250,063
167,104	Holly Corp.	4,302,928
86,500	Howell Corp.	940,687
		11,456,078
ENTERTAINMENT AND LEISURE -- 0.5%		
16,500	Anchor Gaming*	1,280,812
400,000	Carnival Corp.	15,850,000
		17,130,812

Shares		Value
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FINANCIAL-BANKS -- 9.2%

25,000	Associated Bank Corp.	\$ 940,625
471,000	BankAmerica Corp.	40,712,063
221,944	Bank of Boston Corp.	12,345,635
130,000	Bank of New York, Inc.	7,889,375
53,000	BB&T Corp.	3,584,125
13,000	CCB Financial Corp.	1,381,250
15,000	Centura Banks, Inc.	937,500
768,520	Chase Manhattan Corp.	58,023,260
153,364	Citicorp	22,889,577
81,000	City National Corp.	2,991,937
94,050	Comerica, Inc.	6,230,813
67,875	Commerce Bankshares, Inc.	3,313,148
22,000	Community First Bankshares	576,125
20,100	Cullen Frost Bankers, Inc.	1,090,425
51,255	Fifth Third Bancorp*	3,229,065
36,200	First Chicago NBD Corp.	3,208,225
40,000	First Merit Corp.	1,165,000
482,200	First Union Corp.	28,088,150
235,000	Fleet Financial Group, Inc.	19,622,500
51,989	Hubco, Inc.	1,861,856
90,000	Imperial Bancorp*	2,700,000
92,200	KeyCorp	3,284,625
14,631	M & T Bank Corp.	8,105,574
187,600	Mellon Bank Corp.	13,061,650
61,060	National City Corp.	4,335,260
165,496	Norwest Corp.	6,185,413
34,500	Premier Bancshares, Inc., GA	914,250
67,500	Star Banc Corp.	4,311,563
201,642	Summit Bancorp	9,577,995
38,000	Union BanCal Corp.	3,667,000
150,000	U.S. Bancorp, Inc.	6,450,000
15,000	U.S. Trust Corp.	1,143,750
52,000	Webster Financial Corp.	1,729,000
21,500	Wells Fargo & Co.	7,933,500
36,000	Westamerica Bancor	1,156,500
49,600	Zions Bancorp	2,635,000

		297,271,734

FINANCIAL-OTHER -- 7.9%

302,400	American Express Co.	34,473,600
200,495	Associates First Capital Corp.	15,413,053
155,000	Countrywide Credit Industries, Inc.	7,866,250
25,000	Dain Rauscher Corp.	1,368,750
23,000	Donaldson, Lufkin & Jenrette Sec. Corp.	1,168,688
10,000	Duff & Phelps Credit Rating Co.	557,500
124,800	A.G. Edwards, Inc.	5,327,400
154,800	Federal Home Loan Mortgage Corp.	7,285,275
396,500	Federal National Mortgage Assn.	24,087,375
186,000	Franklin Resources, Inc.	10,044,000
125,000	H & R Block, Inc.	5,265,625
200,000	Jefferies Group, Inc.	8,200,000
109,333	Legg Mason, Inc.	6,293,481
122,000	Lehman Brothers Hldgs., Inc.	9,462,625
164,800	McDonald & Co. Investments, Inc.	5,407,500

* Non-income producing security. See notes to financial statements.

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THE GUARDIAN PARK AVENUE FUND
Schedule of Investments (Continued)

Shares		Value

213,500	Merrill Lynch & Co., Inc.	\$ 19,695,375
251,775	Morgan Keegan, Inc.	6,514,678
180,000	Morgan Stanley Dean Witter	16,447,500
175,000	Paine Webber Group, Inc.	7,503,125
26,200	Ragen MacKenzie Group, Inc.*	396,275
151,425	Raymond James Financial, Inc.	4,533,286
175,000	SLM Hldg. Corp.	8,575,000
787,500	Travelers Group, Inc.	47,742,187

		253,628,548

FINANCIAL-THRIFT -- 1.6%

16,164	H.F. Ahmanson & Co.	1,147,644
39,200	Astoria Financial Corp.	2,097,200
308,593	BankAtlantic Bancorp, Inc.	3,762,130
16,000	California Federal Bancorp, Inc.*	344,000
216,292	Charter One Financial, Inc.	7,286,337
70,500	Coastal Bancorp, Inc.	1,727,250
20,000	Coast Federal Litigation Trust*	302,500

102,150	Commercial Federal Corp.	3,230,494
220,000	Dime Bancorp, Inc.	6,586,250
46,400	Golden State Bancorp, Inc.*	1,380,400
46,400	Golden State Bancorp, Inc.* (warrants)	246,500
108,000	Greenpoint Financial Corp.	4,063,500
76,000	Long Island Bancorp, Inc.	4,617,000
40,590	MAF Bancorp, Inc.	1,476,461
20,960	Pacific Crest Capital, Inc.*	369,420
127,200	Progressive Bank, Inc.	4,968,750
525,949	Sovereign Bancorp, Inc.	8,595,979

		52,201,815

FOOD, BEVERAGE AND TOBACCO -- 1.4%		
66,220	CKE Restaurants, Inc.	2,731,575
48,256	Earthgrains Co.	2,696,304
189,000	Fortune Brands, Inc.	7,264,688
100,000	Interstate Bakeries Corp.	3,318,750
338,700	Philip Morris Cos., Inc.	13,336,313
72,600	Pioneer Hi-Bred Int'l., Inc.	3,003,825
125,000	Sara Lee Corp.	6,992,188
38,000	Smithfield Foods, Inc.*	1,159,000
63,000	Universal Corp., VA	2,354,625

		42,857,268

FOOTWEAR -- 0.3%		
107,200	Footstar, Inc.*	5,145,600
49,000	Payless ShoeSource, Inc.*	3,610,687
64,000	Stride Rite Corp.	964,000

		9,720,287

HOUSEHOLD PRODUCTS -- 1.5%		
186,700	Dial Corp.	4,842,531
478,600	Procter & Gamble Co	43,582,512

		48,425,043

INSURANCE -- 6.1%		
37,500	Allied Group, Inc.	1,755,469
487,800	Allstate Corp.	44,664,188

Shares		Value

30,000	W.R. Berkley Corp.	\$ 1,201,875
134,000	Chicago Title Corp.*	6,189,125
46,000	Chubb Corp.	3,697,250
153,000	Cigna Corp.	10,557,000
40,000	CMAC Investment Corp.	2,460,000
24,000	Enhance Financial Svcs. Group, Inc.	810,000
130,000	Equitable Cos., Inc.	9,741,875
98,000	Everest Reinsurance Hldgs	3,766,875
40,500	Executive Risk, Inc.	2,986,875
33,000	Fidelity National Financial, Inc.	1,313,812
37,000	Financial Sec. Assur. Hldgs. Ltd.	2,173,750
74,000	General RE Corp.	18,759,000
90,100	Hartford Financial Svcs. Group, Inc.	10,305,187
150,000	Horace Mann Educators Corp.	5,175,000
54,000	Jefferson Pilot Corp.	3,128,625
63,120	Liberty Financial Cos., Inc.	2,177,640
118,000	Lincoln National Corp., Inc.	10,782,250
237,000	Marsh & McLennan Cos., Inc.	14,323,687
50,600	MBIA, Inc.	3,788,675
30,000	Mercury General Corp.	1,933,125
206,000	MGIC Investment Corp.	11,754,875
229,500	Old Republic Int'l. Corp.	6,727,219
134,000	Penn America Group, Inc.*	1,809,000
58,000	Reinsurance Group of America*	2,976,125
56,706	ReliaStar Financial Group	2,721,888
130,045	St. Paul Cos., Inc.	5,470,018
92,250	State Auto Financial Corp.	2,940,469
8,000	Unitrin, Inc.	556,000

		196,646,877

LODGING -- 0.1%		
100,000	Fairfield Communities, Inc.*	1,918,750
135,000	Prime Hospitality Corp.*	2,354,063

		4,272,813

MACHINERY AND EQUIPMENT -- 0.7%		

100,500	AAR Corp.	2,971,031
72,500	Dover Corp.	2,483,125
93,000	Eaton Corp.	7,230,750
54,100	Illinois Tool Works, Inc.	3,607,794
102,500	Parker Hannifin Corp.	3,907,813
25,000	SPX Corp.*	1,609,375

21,809,888

MERCHANDISING-DEPARTMENT STORES -- 3.0%

120,400	Dayton Hudson Corp.	5,839,400
125,000	Federated Department Stores, Inc.*	6,726,562
215,000	Fred Meyer, Inc., DE*	9,137,500
87,000	Shopko Stores, Inc.*	2,958,000
40,000	Stein Mart, Inc.*	540,000
376,800	TJX Cos., Inc.	9,090,300
1,001,900	Wal-Mart Stores, Inc.	60,865,425

95,157,187

See notes to financial statements.

* Non-income producing security.

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THE GUARDIAN PARK AVENUE FUND
Schedule of Investments (Continued)

Shares Value

MERCHANDISING-DRUGS -- 0.6%

38,000	Cardinal Health, Inc.	\$ 3,562,500
261,956	CVS Corp.	10,199,912
37,000	General Nutrition Cos., Inc.*	1,151,625
75,000	Walgreen Co.	3,098,437

18,012,474

MERCHANDISING-FOOD -- 1.1%

240,000	Albertson's, Inc.	12,435,000
377,650	Safeway, Inc.*	15,365,634
20,000	Suiza Foods Corp.*	1,193,750
113,000	Supervalu, Inc.	5,014,375

34,008,759

MERCHANDISING-MASS -- 0.1%

43,500	Brylane, Inc.*	2,001,000
20,000	Lands End, Inc.*	632,500

2,633,500

MERCHANDISING-SPECIAL -- 2.9%

42,300	Best Buy, Inc.*	1,530,625
69,000	BJ's Wholesale Club, Inc.*	2,803,125
71,000	The Dress Barn*	1,766,125
360,000	GAP, Inc.	22,185,000
370,000	Home Depot, Inc.	30,733,125
46,600	Lowes Cos., Inc.*	1,890,213
237,500	Pier 1 Imports, Inc.	5,670,312
143,750	Proffitts, Inc.*	5,803,906
159,000	Ross Stores, Inc.*	6,837,000
250,000	Tandy Corp.	13,265,625
32,500	Tiffany & Co., Inc.	1,560,000

94,045,056

METALS-MISCELLANEOUS -- 0.1%

47,619	Alumax, Inc.	2,208,331
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MISCELLANEOUS-CAPITAL GOODS -- 0.1%

69,000	Aeroquip-Vickers, Inc.	4,027,875
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MISCELLANEOUS-CONSUMER GROWTH STAPLES -- 0.8%

70,000	American Greetings Corp.	3,565,625
174,200	Cognizant Corp.*	10,974,600
36,000	Interpublic Group Cos., Inc.	2,184,750
90,000	A.C. Nielsen Corp.*	2,272,500
190,000	Valassis Communications, Inc.*	7,326,875

26,324,350

NATURAL GAS-DIVERSIFIED -- 0.1%

153,000	Mitchell Energy & Dev. Corp.	2,945,250

OIL AND GAS PRODUCING -- 1.6%		
78,400	Barrett Resources Corp.*	2,935,100
238,900	Basin Exploration, Inc.*	4,210,612
64,300	Callon Petroleum Co.*	920,294
263,600	Chieftain Int'l., Inc.*	6,244,025
153,000	Devon Energy Corp.	5,345,437
190,401	Diamond Offshore Drilling, Inc.	7,616,009

Shares		Value
26,100	Forcenergy Gas Exploration, Inc.*	\$ 464,906
97,200	Meridian Resource Corp.*	686,475
497,300	Petromet Resources Ltd.*	1,118,925
46,000	Petsec Energy Ltd.*	744,625
60,000	Pride Int'l., Inc.*	1,016,250
570,000	Rigel Energy Corp.*	5,190,446
204,600	St. Mary Land & Exploration Co.	4,935,975
91,300	Snyder Oil Corp.	1,820,294
152,100	Vastar Resources, Inc.	6,644,869

		49,894,242

OIL AND GAS SERVICES -- 2.2%		
150,000	BJ Services Co.*	4,359,375
85,960	Camco Int'l., Inc.	6,694,135
64,000	Cooper Cameron Corp.*	3,264,000
82,900	ENSCO Int'l., Inc.	1,440,388
121,000	Halliburton Co.	5,392,062
190,500	Input/Output, Inc.*	3,393,281
466,400	Nabors Industries, Inc.*	9,240,550
200,000	Noble Drilling Corp.*	4,812,500
127,700	Offshore Logistics, Inc.*	2,266,675
215,600	Schlumberger Ltd.	14,728,175
80,000	Smith Int'l., Inc.*	2,785,000
52,000	Transocean Offshore, Inc.	2,314,000
144,800	Varco Int'l., Inc.*	2,868,850
30,000	Veritas DGC, Inc.*	1,498,125
112,100	Weatherford Enterra, Inc.*	4,161,712
170,000	Willbros Group, Inc.*	2,656,250

		71,875,078

OIL-INTEGRATED-DOMESTIC -- 0.3%		
142,000	Sun, Inc.	5,511,375
284,000	Tesoro Petroleum, Inc.*	4,508,500

		10,019,875

OIL-INTEGRATED-INTERNATIONAL -- 3.7%		
168,800	Chevron Corp.	14,020,950
1,093,700	Exxon Corp.	77,994,481
346,600	Mobil Corp.	26,558,225

		118,573,656

PAPER AND FOREST PRODUCTS -- 0.5%		
34,285	Deltic Timber Corp.	859,268
215,000	Kimberly Clark Corp.	9,863,125
111,500	Rayonier, Inc.	5,129,000

		15,851,393

PUBLISHING-NEWS -- 0.8%		
45,000	Central Newspapers, Inc.	3,138,750
86,400	Gannett Co., Inc.	6,139,800
191,400	Harte-Hanks Communications	4,940,513
80,000	New York Times Co.	6,340,000
50,000	Tribune Co.	3,440,625
5,700	Washington Post Co.	3,283,200

		27,282,888

* Non-income producing security. See notes to financial statements.

Shares		Value
RAILROADS -- 0.4%		
40,301	Burlington Northern Santa Fe	\$ 3,957,054
182,500	Kansas City Southern Inds., Inc.	9,056,563

		13,013,617
REAL ESTATE -- 0.1%		
63,000	LNR Property Corp.	1,614,375
TEXTILE-APPAREL AND PRODUCTION -- 1.0%		
70,000	Burlington Industries, Inc.*	984,375
93,000	Liz Claiborne, Inc.	4,859,250
196,000	Jones Apparel Group, Inc.*	7,166,250
29,000	Kellwood Co.	1,036,750
37,500	Nautica Enterprises, Inc.*	1,005,469
15,000	St. John Knits, Inc.	579,375
215,000	Unifi, Inc.	7,363,750
136,000	V.F. Corp.	7,004,000
53,000	Westpoint Stevens, Inc.*	1,749,000

		31,748,219
TRANSPORTATION-MISCELLANEOUS -- 0.7%		
192,000	Airborne Freight Corp.	6,708,000
37,000	Alexander & Baldwin, Inc.	1,077,625
22,000	Expeditors Int'l. Wash., Inc.	968,000
108,000	GATX Corp.*	4,738,500
239,500	Maritrans, Inc.	2,170,469
120,000	Sea Containers Ltd.*	4,590,000
42,000	Trinity Industries, Inc.	1,743,000

		21,995,594
TRUCKERS -- 0.1%		
18,000	FRP Pptys., Inc.*	585,000
49,500	Rollins Truck Leasing Corp.	612,562
60,000	U.S. Freightways Corp.	1,970,625
56,250	Werner Enterprises, Inc.	1,072,266

		4,240,453
UTILITIES-ELECTRIC -- 1.3%		
22,600	Cleco Corp.	672,350
134,464	Duke Energy Co.	7,966,992
85,600	Energy East Corp.	3,563,100
185,000	Florida Progress Corp.	7,608,125
210,000	FPL Group, Inc.	13,230,000
57,100	IPALCO Enterprises	2,537,381
43,420	LG & E Energy Corp.	1,175,054
21,500	Minnesota Power & Light Co.	854,625
58,000	NIPSCO Industries, Inc.	1,624,000
58,500	Texas Utilities Co.	2,435,063

		41,666,690
Shares		
Value		
UTILITIES-GAS AND PIPELINE -- 0.1%		
5,100	Indiana Energy, Inc.	\$ 152,363
45,000	KN Energy, Inc.	2,438,437
33,700	NICOR, Inc.	1,352,212

		3,943,012
UTILITIES-TELECOMMUNICATIONS -- 6.8%		
29,000	Aliant Communications, Inc.	795,688
680,700	Ameritech Corp.	30,546,412
666,200	AT & T Corp.	38,056,675
650,000	Bell Atlantic Corp.	29,656,250
858,100	BellSouth Corp.	57,599,963
440,000	GTE Corp.*	24,475,000
386,200	SBC Communications, Inc.	15,448,000
120,000	Sprint Corp.*	8,460,000
285,000	U.S. West, Inc.*	13,395,000

		218,432,988
TOTAL COMMON STOCKS		
(COST \$2,096,367,434)		2,991,089,270

 REPURCHASE AGREEMENT -- 6.4%

Principal Amount	Value
\$205,104,000 State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$205,136,475 at 5.70%, due 7/1/98 (collateralized by \$5,105,000 U.S. Treasury Notes, 5.50%, due 3/31/03, by \$25,505,000 U.S. Treasury Notes, 5.625%, due 12/31/99, by \$20,405,000 U.S. Treasury Notes, 6.00%, due 6/30/99, by \$51,010,000 U.S. Treasury Notes, 6.625%, due 6/30/01, by \$56,215,000 U.S. Treasury Notes, 6.75%, due 5/31/99, and by \$51,005,000 U.S. Treasury Notes, 6.75%, due 4/30/00)	\$ 205,104,000

 TOTAL REPURCHASE AGREEMENT
 (COST \$205,104,000) 205,104,000

TOTAL INVESTMENTS -- 99.4%
 (COST \$2,301,471,434) 3,196,193,270
 CASH, RECEIVABLES AND OTHER
 ASSETS LESS LIABILITIES -- 0.6% 20,040,489

 NET ASSETS -- 100.0% \$3,216,233,759

See notes to financial statements. * Non-income producing security.

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o THE GUARDIAN PARK AVENUE SMALL CAP FUND

 COMMON STOCKS -- 94.6%

Shares	Value
AEROSPACE AND DEFENSE -- 0.5%	
40,000 Kaman Corp.	\$ 761,250
AIR TRANSPORTATION -- 1.3%	
29,000 Airnet Systems, Inc.*	467,625
13,800 Alaska Air Group, Inc.*	752,963
30,000 America West Hldg. Corp.*	856,875

	2,077,463
APPLIANCE AND FURNITURE -- 3.2%	
66,000 Ethan Allen Interiors, Inc.	3,295,875
42,000 Furniture Brands Int'l., Inc.*	1,178,625
35,000 SMed Int'l., Inc.*	630,000

	5,104,500
AUTOMOTIVE PARTS -- 0.5%	
8,700 Arvin Industries, Inc.	315,919
52,000 Automobile Protection Corp.*	516,750

	832,669

 BUILDING MATERIALS AND HOMEBUILDERS -- 6.8%

22,900 Cameron Ashley Building Products*	386,438
34,000 Crossman Communities, Inc.*	1,032,750
45,000 Giant Cement Hldgs., Inc.*	1,288,125
43,000 D. R. Horton, Inc.*	897,625
42,000 Lennar Corp.	1,239,000
22,800 Lone Star Industries, Inc.	1,757,025
41,000 National RV Hldgs., Inc.*	1,850,125
10,000 NCI Building Systems, Inc.*	577,500
21,400 Southdown, Inc.	1,527,425
112,000 Stratus Pptys., Inc.*	476,000

	11,032,013

CAPITAL GOODS-MISCELLANEOUS -- 5.1%		
40,000	Cultural Access World Wide*	390,000
57,500	Dispatch Mgt. Svcs. Corp.*	1,444,688
42,000	Dynamex, Inc.*	509,250
54,000	Hawk Corp.*	951,750
105,000	Hawker Pacific Aerospace*	1,168,125
33,000	Ladish, Inc.*	412,500
50,000	LMI Aerospace*	503,120
50,000	Market Facts, Inc.*	1,087,500
53,100	Western Staff Svcs., Inc.*	982,350
50,000	Zomax Optical Media, Inc.*	768,750

		8,218,033

CAPITAL GOODS-MISCELLANEOUS TECHNOLOGY -- 5.3%		
136,600	AFC Cable Systems, Inc.*	4,849,300
10,300	Alliant Techsystems, Inc.*	651,475
29,500	Centex Construction Products, Inc.	1,135,750
23,300	Chart Industries, Inc.	556,288
24,000	Kaydon Corp.	847,500
22,000	National Computer Systems, Inc.	528,000

		8,568,313

Shares	Value
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CHEMICALS-- 2.8%		
13,200	AptarGroup, Inc.	\$ 820,875
28,000	Cambrex Corp.	735,000
34,600	LeaRonald, Inc.	826,075
39,000	MacDermid, Inc.	1,101,750
11,000	Minerals Technologies, Inc.*	559,625
20,000	Myers Industries, Inc.	480,000

		4,523,325

COMPUTER SOFTWARE -- 1.9%		
53,000	Ducocorp, Inc.*	347,813
44,000	May & Speh, Inc.*	874,500
13,800	National Instruments Corp.*	493,350
11,400	Visio Corp.*	544,350
24,000	Wind River Systems, Inc.*	861,000

		3,121,013

COMPUTER SYSTEMS -- 1.7%		
50,000	Dunn Computer Corp., VA*	412,500
16,500	Henry Jack & Associates, Inc	567,188
53,600	HTE, Inc.*	723,600
85,000	The Intercept Group, Inc.*	632,188
30,000	Sandisk Corp.*	414,375

		2,749,851

DRUGS AND HOSPITALS -- 3.0%		
18,600	Boron LePore & Associates, Inc.*	706,800
36,000	Depotech Corp.*	56,250
39,000	Genesis Health Ventures, Inc.*	975,000
11,500	Integrated Health Svcs., Inc.	431,250
75,000	Iomed, Inc.*	384,375
17,000	Jones Pharma, Inc.	563,125
38,000	King Pharmaceuticals, Inc.*	532,000
8,300	Maxxim Medical, Inc.*	240,700
20,000	Respironics, Inc.*	311,250
25,650	United Payors & United Providers, Inc.*	580,331

		4,781,081

ELECTRICAL EQUIPMENT -- 1.7%		
30,000	Daisytek Int'l. Corp.*	763,125
60,000	EFTC Corp.*	780,000
22,600	Esterline Technologies Corp.*	471,775
17,500	Kopin Corp.*	336,875
22,000	Power One, Inc.*	207,625
4,600	Sanmina Corp.*	199,525

		2,758,925

ELECTRONICS AND INSTRUMENTS -- 0.6%		
55,000	FARO Technologies, Inc.*	580,938
26,000	SMART Modular Technologies, Inc.*	380,250

		961,188

ENERGY-MISCELLANEOUS -- 0.7%

135,000	Frontier Oil Corp.*	1,080,000

* Non-income producing security.	See notes to financial statements.	

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THE GUARDIAN PARK AVENUE SMALL CAP FUND

Schedule of Investments (Continued)

Shares		Value

ENTERTAINMENT AND LEISURE -- 0.7%		
13,800	Anchor Gaming*	\$ 1,071,225

FINANCIAL-BANKS -- 3.8%		
19,400	Cullen Frost Bankers, Inc.	1,052,450
32,411	Fifth Third Bancorp*	2,041,909
3,500	Prime Bancshares, Inc.	88,812
5,000	Republic Banking Corp. of Florida	80,000
20,400	Silicon Valley Bancshares*	726,112
17,200	U.S. Bancorp, Inc.	1,329,775
23,100	Westamerica Bancorp	742,088

		6,061,146

FINANCIAL-OTHER -- 3.4%		
14,000	Dain Rauscher Corp.	766,500
25,000	DVI, Inc.*	637,500
30,000	Federated Investors, Inc., PA*	555,000
23,300	Freedom Securities Corp.*	422,313
8,300	Jefferies Group, Inc.	340,300
38,000	McDonald & Co. Investments, Inc.	1,246,875
30,000	Morgan Keegan, Inc.	776,250
29,600	Ragen Mackenzie Group, Inc.*	447,700
14,000	Southwest Securities Group, Inc.	315,000

		5,507,438

FINANCIAL-THRIFT -- 1.7%		
5,500	Astoria Financial Corp.	294,250
41,250	BankAtlantic Bancorp, Inc.	487,266
10,500	Coast Federal Litigation Trust*	158,812
24,800	Commercial Federal Corp.	784,300
42,422	Peoples Heritage Financial Group	1,002,220

		2,726,848

FOOD, BEVERAGE AND TOBACCO -- 3.5%		
11,000	CKE Restaurants, Inc.	453,750
40,900	Earthgrains Co.	2,285,288
47,800	Fresh Foods, Inc.*	717,000
50,000	Hain Food Group, Inc.*	1,293,750
56,000	Omega Protein Corp.*	861,000

		5,610,788

FOOTWEAR -- 1.0%		
16,000	Footstar, Inc.*	768,000
43,300	Shoe Carnival, Inc.*	600,787
7,700	Wolverine World Wide, Inc.	166,994

		1,535,781

HOUSEHOLD PRODUCTS -- 0.8%		
27,000	Home Products Int'l., Inc.*	313,875
20,250	Oneida Ltd.	620,156
10,800	Williams-Sonoma, Inc.*	343,575

		1,277,606

Shares		Value

INSURANCE -- 10.5%		
45,600	American Heritage Life Investments	\$ 1,054,500
17,500	American Insurance Group*	205,625
12,750	W.R. Berkley Corp.	510,797
27,000	Chicago Title Corp.*	1,247,062

12,300	CMAC Investment Corp.	756,450
39,200	Enhance Financial Svcs. Group, Inc.	1,323,000
9,000	Executive Risk, Inc.	663,750
124,960	Fidelity National Financial, Inc.	4,974,970
12,000	Financial Sec. Assur. Hldgs. Ltd.	705,000
14,000	Harleysville Group, Inc.	290,500
26,000	Landamerica Financial Group, Inc.	1,488,500
3,800	Markel Corp.*	676,400
72,400	Penn America Group, Inc.	977,400
25,000	Presidential Life Corp.*	534,375
14,000	Reinsurance Group of America*	718,375
23,000	State Auto Financial Corp.	733,125

		16,859,829

LODGING -- 1.5%		
30,200	Fairfield Communities, Inc.*	579,463
65,000	ILX, Inc.*	381,875
66,400	Signature Resorts, Inc.*	1,095,600
24,000	Silverleaf Resorts, Inc.*	366,000

		2,422,938

MACHINERY AND EQUIPMENT -- 2.5%		
16,200	AAR Corp.	478,913
18,000	Manitowoc Co., Inc.	725,625
61,000	Northwest Pipe Co.*	1,433,500
10,500	SPX Corp.*	675,937
8,250	Varlen Corp.	284,625
15,200	Wabash National Corp.*	391,400

		3,990,000

MERCHANDISING-DEPARTMENT STORES -- 1.0%		
49,500	Shopko Stores, Inc.*	1,683,000

MERCHANDISING-DRUGS -- 0.0%		
1,700	Duane Reade, Inc.*	51,000

MERCHANDISING-FOOD -- 0.6%		
32,200	Smithfield Foods, Inc.*	982,100

MERCHANDISING-MASS -- 1.5%		
26,400	Brylane, Inc.*	1,214,400
41,000	Lands End, Inc.*	1,296,624

		2,511,024

MERCHANDISING-SPECIAL -- 7.1%		
49,000	1-800 Contacts, Inc.*	747,250
51,700	American Coin Merchandising*	1,021,075
27,000	Ames Department Stores, Inc.*	710,438
8,400	A.C. Moore Arts & Crafts, Inc.*	136,500
32,000	BJ's Wholesale Club, Inc.*	1,300,000

See notes to financial statements.		* Non-income producing security.

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THE GUARDIAN PARK AVENUE SMALL CAP FUND

Schedule of Investments (Continued)

Shares		Value

22,000	The Dress Barn*	\$ 547,250
16,000	Freds, Inc.	408,000
40,000	Genesis Direct, Inc.*	445,000
70,000	The Good Guys, Inc.*	942,812
60,000	Homebase, Inc.*	476,250
21,000	Hughes Supply, Inc.	769,125
23,300	Miami Computer Supplies*	372,800
43,000	Pier 1 Imports, Inc.	1,026,624
10,000	Stage Stores, Inc.*	452,500
36,000	Stein Mart, Inc.*	486,000
18,000	Trans World Entertainment Corp.*	776,250
24,000	Wet Seal, Inc.*	768,000

		11,385,874

METALS-STEEL -- 0.7%

39,500	Quanex Corp.	1,197,344

MISCELLANEOUS-CONSUMER GROWTH STAPLES -- 2.2%		
105,000	Innotrac Corp.*	997,500
64,200	Mail Well Hldgs., Inc.*	1,392,336
17,700	StaffMark, Inc.*	648,263
15,000	Valassis Communications, Inc.*	578,436

		3,616,535

OIL AND GAS PRODUCING -- 3.6%		
53,000	Basin Exploration, Inc.*	934,125
125,000	Beau Canada Exploration Ltd.*	148,653
40,000	Bellwether Exploration Co.*	312,500
30,500	Callon Petroleum Co.*	436,531
350,600	Canadian 88 Energy Corp.*	1,468,137
38,000	Chieftain Int'l., Inc.*	900,125
144,000	Petromet Resources Ltd.*	324,000
24,000	Rigel Energy Corp.*	218,545
27,800	St. Mary Land & Exploration Co.	670,675
19,000	Snyder Oil Corp.	378,813

		5,792,104

OIL AND GAS SERVICES -- 1.1%		
6,000	Friede Goldman Int'l., Inc.*	173,250
10,000	IRI Int'l. Corp.*	107,500
13,300	Unifab Int'l., Inc.*	216,125
26,600	Varco Int'l., Inc.*	527,013
51,000	Willbros Group, Inc.*	796,875

		1,820,763

PAPER AND FOREST PRODUCTS -- 0.3%		
18,800	Deltic Timber Corp.	471,175

POLLUTION CONTROL -- 0.5%		
45,000	Imco Recycling, Inc.	832,500

PUBLISHING-NEWS -- 1.3%		
15,000	Bowne & Co., Inc.	675,000
32,000	Harte-Hanks Communications	826,000
6,000	Pulitzer Publishing Co.	535,500

		2,036,500

Shares		Value

REAL ESTATE INVESTMENT TRUST -- 3.5%		
16,000	American Gen. Hospitality Corp.	\$ 340,000
8,848	Apartment Investment & Mgt. Co.	349,495
18,000	Arden Realty, Inc.	465,750
18,000	Brandywine Realty Trust	402,750
15,400	Camden Ppty. Trust	458,150
13,000	CCA Prison Realty Trust	398,124
16,000	Colonial Pptys. Trust, Inc.	496,000
14,500	Commercial Net Lease Realty, Inc.	234,719
15,000	Eldertrust	257,812
16,000	Glenborough Realty Trust	422,000
30,000	Innkeepers USA Trust	378,750
8,000	JDN Realty Corp.	255,000
69,000	Sunstone Hotel Investors, Inc.	918,563
9,600	Tower Realty Trust, Inc.	214,800

		5,591,913

TEXTILE-APPAREL AND PRODUCTION -- 1.6%		
21,000	Burlington Industries, Inc.*	295,312
2,800	Columbia Sportswear Co.*	53,200
13,000	Mohawk Industires, Inc.*	411,938
13,000	Nautica Enterprises, Inc.*	348,562
9,300	St. John Knits, Inc.	359,213
55,000	Tropical Sportswear Int'l. Corp.*	1,168,750

		2,636,975

TRANSPORTATION-MISCELLANEOUS -- 3.8%		
41,200	Airborne Freight Corp.	1,439,425
23,000	Budget Group, Inc.*	734,563
5,700	Central Parking Corp.	265,050
37,500	Dollar Thrifty Automotive Group, Inc.*	496,875
31,000	Eagle USA Airfreight, Inc.*	1,075,313
17,300	Expeditors Int'l. Wash., Inc.	761,200

26,250	Rollins Truck Leasing Corp.	324,844
25,700	Sea Containers Ltd.	983,025

		6,080,295

TRUCKERS -- 0.6%		
21,500	U.S. Freightways Corp.	706,141
16,250	Werner Enterprises, Inc.	309,766

		1,015,907

UTILITIES-ELECTRIC -- 0.1%		
2,000	Minnesota Power & Light Co.	79,500

UTILITIES-GAS AND PIPELINE -- 0.2%		
7,700	Cleco Corp.	229,075
4,300	Indiana Energy, Inc.	128,462

		357,537

UTILITIES-TELECOMMUNICATIONS -- 0.4%		
55,000	Startec Global Communications Corp.*	632,500

TOTAL COMMON STOCKS		
(COST \$131,843,816)		152,407,769

See notes to financial statements.		* Non-income producing security.

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THE GUARDIAN PARK AVENUE SMALL CAP FUND

Schedule of Investments (Continued)

REPURCHASE AGREEMENT -- 6.3%		

Principal		Value
Amount		

\$10,200,000	State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$10,201,615 at 5.70% due 7/1/98 (collateralized by \$10,410,000 U.S. Treasury Notes, 6.75% due 5/31/99)	\$ 10,200,000

TOTAL REPURCHASE AGREEMENT		
(COST \$10,200,000)		10,200,000

TOTAL INVESTMENTS -- 100.9%		
(COST \$142,043,816)		162,607,769

LIABILITIES IN EXCESS OF CASH, RECEIVABLES		
AND OTHER ASSETS -- (0.9%)		(1,528,611)

NET ASSETS -- 100.0%		\$161,079,158

See notes to financial statements.

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o THE GUARDIAN ASSET ALLOCATION FUND

COMMON STOCKS -- 22.1%

Shares		Value

AEROSPACE AND DEFENSE -- 0.5%		
2,215	Lockheed Martin Corp.	\$ 234,513
5,000	Precision Castparts Corp.	266,875
3,900	Rockwell Int'l. Corp.	187,444
2,900	United Technologies Corp.	268,250

		957,082

AIR TRANSPORTATION -- 0.5%		
9,000	AMR Corp., DE*	749,250
4,000	Continental Airlines, Inc.*	243,500

		992,750

AUTOMOTIVE PARTS -- 0.1%		
1,600	Goodyear Tire & Rubber Co.	103,100
1,299	Meritor Automotive, Inc.	31,176

		134,276

BIOTECHNOLOGY -- 0.1%		
2,600	Amgen, Inc.*	169,975

BUILDING MATERIALS AND HOMEBUILDERS -- 0.1%		
2,289	Martin Marietta Materials, Inc.	103,005

CHEMICALS -- 1.1%		
21,600	E.I. DuPont de Nemours, Inc.	1,611,900
2,200	Morton Int'l., Inc.	55,000
3,000	PPG Industries, Inc.	208,688
2,000	Rohm & Haas Co.	207,875

		2,083,463

COMPUTER SOFTWARE -- 1.1%		
300	ChoicePoint, Inc.*	15,187
20,000	Microsoft Corp.*	2,167,500

		2,182,687

COMPUTER SYSTEMS -- 1.4%		
6,300	Compaq Computer Corp.	178,762
1,500	Honeywell, Inc.	125,344
12,500	Lexmark Int'l. Group, Inc.*	762,500
6,000	Pitney Bowes, Inc.	288,750
26,000	Storage Technology Corp.*	1,127,750
3,000	Sun Microsystems, Inc.*	130,312
4,600	Western Digital Corp.*	54,337

		2,667,755

CONGLOMERATES -- 1.0%		
12,500	Loews Corp.	1,089,062
12,000	Textron, Inc.	860,250

		1,949,312

DRUGS AND HOSPITALS -- 1.3%		
5,000	Allegiance Corp.	256,250
7,400	Bristol-Myers Squibb Corp.	850,537
3,400	Pfizer, Inc.	369,537
11,800	Schering-Plough Corp.	1,081,175

		2,557,499

Shares		Value

ELECTRICAL EQUIPMENT -- 1.9%		
40,200	General Electric Co.	\$ 3,658,200

ELECTRONICS AND INSTRUMENTS -- 0.0%		
2,500	Dynatech Corp.*	7,813

FINANCIAL-BANKS -- 3.9%		
30,000	BankAmerica Corp.	2,593,125
9,964	Bank of Boston Corp.	554,248
22,808	Chase Manhattan Corp.	1,722,004
2,800	Citicorp	417,900
3,750	Comerica, Inc.	248,438
14,200	First Union Corp.	827,150
3,400	KeyCorp	121,125
5,200	Mellon Bank Corp.	362,050
4,500	Star Banc Corp.	287,438
1,500	Union BanCal Corp.	144,750
2,400	Zions Bancorp	127,500

		7,405,728

FINANCIAL-OTHER -- 2.8%		
3,000	Countrywide Credit Industries, Inc.	152,250
30,000	A.G. Edwards, Inc.	1,280,625
7,200	Federal Home Loan Mortgage Corp.	338,850
12,000	Federal National Mortgage Assn.	729,000
6,000	Franklin Resources, Inc.	324,000
6,000	Merrill Lynch & Co., Inc.	553,500
30,000	Travelers Group, Inc.	1,818,750

		5,196,975

FINANCIAL-THRIFT -- 0.3%		
5,600	Astoria Financial Corp.	299,600
1,575	CommercialFederal Corp.	49,809
4,000	Greenpoint Financial Corp.	150,500

		499,909

FOOD, BEVERAGE AND TOBACCO -- 0.4%		
800	Earthgrains Co.	44,700
3,000	Fortune Brands, Inc.	115,312
4,000	Interstate Bakeries Corp.	132,750
11,900	Philip Morris Cos., Inc.	468,563

		761,325

HOUSEHOLD PRODUCTS -- 0.3%		
6,200	Procter & Gamble Co.	564,587

INSURANCE -- 0.9%		
4,700	Allstate Corp.	430,344
1,000	Chubb Corp.	80,375
700	General RE Corp.	177,450
2,500	Hartford Financial Svcs. Group, Inc.	285,938
2,700	Marsh & McLennan Cos., Inc.	163,181
800	MBIA, Inc.	59,900
8,400	MGIC Investment Corp.	479,325

		1,676,513

* Non-income producing security. See notes to financial statements.

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THE GUARDIAN ASSET ALLOCATION FUND
Schedule of Investments (Continued)

Shares	Value

MACHINERY AND EQUIPMENT -- 0.0%	
600 Eaton Corp.	\$ 46,650

MERCHANDISING-DEPARTMENT STORES -- 0.1%	
4,800 Dayton Hudson Corp.	232,800

MERCHANDISING-DRUGS -- 0.1%	
5,304 CVS Corp.	206,525

MERCHANDISING-FOOD -- 0.4%	
19,274 Safeway, Inc.*	784,211

MISCELLANEOUS-CONSUMER GROWTH STAPLES -- 0.1%	
2,700 Cognizant Corp.*	170,100
1,500 Interpublic Group Cos., Inc.	91,031

	261,131

OIL AND GAS PRODUCING -- 0.4%	
3,200 Barrett Resources Corp.*	119,800
8,000 Chieftain Int'l., Inc.*	189,500
10,000 Devon Energy Corp.	349,375
4,400 Diamond Offshore Drilling, Inc.	176,000

	834,675

OIL AND GAS SERVICES -- 0.6%	
3,600 ENSCO Int'l., Inc.	62,550
5,400 Halliburton Co.	240,637
11,500 Nabors Industries, Inc.*	227,844

9,600	Schlumberger Ltd.	655,800
		1,186,831
OIL-INTEGRATED-DOMESTIC -- 0.1%		
16,700	Tesoro Petroleum, Inc.*	265,113
OIL-INTEGRATED-INTERNATIONAL -- 2.0%		
7,500	Chevron Corp.	622,969
28,400	Exxon Corp.	2,025,275
14,000	Mobil Corp.	1,072,750
		3,720,994
PAPER AND FOREST PRODUCTS -- 0.0%		
1,428	Deltic Timber Corp.	35,789
PUBLISHING-NEWS -- 0.1%		
3,400	Gannett Co., Inc.	241,613
RAILROADS -- 0.1%		
2,576	Burlington Northern Santa Fe	252,931
TEXTILE-APPAREL AND PRODUCTION -- 0.1%		
4,000	V.F. Corp.	206,000
UTILITIES-ELECTRIC -- 0.1%		
2,700	Texas Utilities Co.	112,387
UTILITIES-TELECOMMUNICATIONS -- 0.2%		
6,400	Ameritech Corp.	287,200
	TOTAL COMMON STOCKS (COST \$21,479,132)	42,243,704
MUTUAL FUNDS -- 52.4%		
EQUITY -- 29.7%		
1,104,236	The Guardian Park Avenue Fund, Class A	\$56,663,715
Shares		Value
FIXED INCOME -- 22.7%		
4,315,690	The Guardian Investment Quality Bond Fund, Class A	\$ 43,225,215
	TOTAL MUTUAL FUNDS (COST \$94,882,539)	99,888,930
U.S. GOVERNMENT -- 3.6%		
Principal		Value
Amount		
\$ 7,000,000	U.S. Treasury Bills, 5.12% due 12/10/98 (COST \$6,838,720)	\$ 6,838,720
OPTIONS -- 0.6%		
Number of		Value
Contracts		
320	U.S. Treasury Bonds Futures Expires August, 1998 Exercise price \$122	\$ 765,000
430	U.S. Treasury Notes Futures Expires August, 1998 Exercise price \$114	295,625
	TOTAL OPTIONS (COST \$527,423)	1,060,625

 REPURCHASE AGREEMENT -- 21.1%

Principal Amount	Value
\$40,164,000 State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$40,170,359 at 5.70%, due 7/1/98 (collateralized by \$40,970,000 U.S. Treasury Bills, 5.12%, due 12/24/98)	\$ 40,164,000
TOTAL REPURCHASE AGREEMENT (COST \$40,164,000)	40,164,000

TOTAL INVESTMENTS -- 99.8% (COST \$163,891,814)	190,195,979
CASH, RECEIVABLES AND OTHER ASSETS	
LESS LIABILITIES -- 0.2%	432,148
NET ASSETS -- 100.0%	\$190,628,127

 PURCHASED FUTURES CONTRACTS

Contract	Description	Expiration	Unrealized Depreciation
33	S&P 500 Stock Index	September, 1998	\$ (399,221)

At June 30, 1998 the Asset Allocation Fund had sufficient cash and/or securities to cover margin requirements on open futures contracts and had set aside \$1,000,000 U.S. Treasury Bill due 12/10/98 as collateral.

See notes to financial statements. * Non-income producing security.

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o THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND

 COMMON STOCKS -- 93.2%

Shares	Value
ARGENTINA -- 0.3%	
OIL AND GAS -- 0.2%	
37,000 Perez Companc S.A.	\$ 185,767
TELECOMMUNICATIONS -- 0.1%	
4,100 Telefonica de Argentina ADR*	132,994
	318,761

AUSTRALIA -- 1.7%	
BANKS -- 0.3%	
24,430 National Australia Bank	323,013
BEVERAGE -- 0.5%	
178,400 Fosters Brewing Group	420,819
BUSINESS SERVICES -- 0.5%	
22,400 Brambles Industries Ltd.	440,643
CONSUMER GOODS -- 0.1%	
35,000 Woolworths Ltd.	114,063
REAL ESTATE -- 0.3%	
13,350 Lend Lease Corp.	270,571
	1,569,109

BRAZIL -- 1.1%	
FOOD, BEVERAGE AND TOBACCO -- 0.2%	
12,900 Comp. Cerveja Ria Brahma ADR	161,250
PETROLEUM SERVICES -- 0.2%	
9,600 Petroleo Brasileiro S.A. ADR	178,462
RETAIL-FOOD -- 0.2%	
8,800 Comp. Brasileira de Distribution ADR+	199,100
TELECOMMUNICATIONS -- 0.3%	
1,700 Telecom. Brasileiras ADR	185,619
837,598 Telesp. Tel. Sao Paulo*	121,614
UTILITIES-ELECTRIC -- 0.2%	

2,953	Comp. Energetica de Minas ADR	91,918
2,448	Comp. Energetica de Minas ADR+	76,185
6,600	Comp. Paranaense de Energia ADR	61,050

		1,075,198

CHILE -- 0.2%		
MUTUAL FUND -- 0.1%		
3,730	Genesis Chile Fund	110,035
RETAIL-FOOD -- 0.1%		
5,300	Distribucion Y Servicio S.A. ADR	79,500

		189,535

FRANCE -- 9.1%		
CAPITAL GOODS -- 0.9%		
3,990	Alcatel Alsthom	812,427
CONSTRUCTION MATERIALS -- 2.7%		
24,300	Lafarge	2,512,116

Shares		Value

FINANCIAL SERVICES -- 2.5%		
21,700	AXA UAP	\$ 2,440,743
OIL-INTEGRATED -- 1.9%		
12,500	Elf Aquitaine	1,757,447
RETAIL TRADE -- 1.1%		
1,969	Comptoirs Moderne	1,025,911

		8,548,644

GERMANY -- 18.3%		
AUTOMOBILES -- 2.8%		
2,574	Bayerische Motoren Werke AG	2,604,757
BANKS -- 2.0%		
22,050	Bayerische Vereinsbank AG	1,870,665
CHEMICALS -- 1.4%		
27,880	BASF AG	1,325,631
DRUGS AND HEALTH CARE -- 0.8%		
13,590	GEHE AG	729,065
FOOTWEAR -- 2.3%		
12,500	Adidas AG	2,179,850
INDUSTRIAL MACHINERIES -- 3.9%		
35,719	Mannesmann AG	3,674,000
INSURANCE -- 2.5%		
4,685	Munchener Ruckvers*	2,327,628
SOFTWARE -- 2.6%		
4,105	SAP AG	2,492,431

		17,204,027

HONG KONG -- 0.7%		
CONGLOMERATES -- 0.5%		
84,000	Hutchison Whampoa	443,418
REAL ESTATE -- 0.2%		
106,000	New World Development Co.	205,214

		648,632

HUNGARY -- 0.8%		
FOOD AND BEVERAGE -- 0.2%		
3,041	Pick Szeged RT	177,884
PHARMACEUTICALS -- 0.6%		
7,180	Richter Gedeon VEG	577,947

		755,831

IRELAND -- 2.5%		
BANKS -- 1.4%		
91,200	Allied Irish Bank	1,319,941
CONSTRUCTION MATERIALS -- 1.1%		
75,000	CRH PLC	1,064,810

		2,384,751

+ Rule 144A restricted security.

* Non-income producing security. See notes to financial statements.

THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
Schedule of Investments (Continued)

Shares	Value
ITALY -- 7.3%	
BANKS -- 3.6%	
1,271,000 Banco di Roma*	\$ 2,646,799
52,600 Istituto Bco. Sao Paolo Torino*	759,358
TELECOMMUNICATIONS -- 3.7%	
238,000 Telecom. Italia SPA	1,752,768
281,000 Telecom. Italia MOB	1,719,133
	6,878,058
JAPAN -- 10.6%	
AUTOMOBILE -- 0.7%	
18,000 Honda Motor Co.	643,090
CHEMICALS -- 1.1%	
44,000 Kao Corp.	680,986
22,000 Shin Etsu Chemical Co.	381,861
DRUGS AND HEALTH CARE -- 0.6%	
26,000 Sankyo Co.	594,200
ELECTRONICS -- 3.1%	
21,000 Canon, Inc.	478,412
65,000 Matsushita Electric Works	526,506
7,000 Rohm Co.	721,415
8,000 Sony Corp.	691,401
6,000 TDK Corp.*	444,782
FINANCIAL SERVICES -- 2.3%	
18,900 Credit Saison Co.	375,895
19,100 Promise Co.	788,754
84,000,000 Sanwa Int'l. Financial*	619,657
1,700 Shohkoh Fund & Co.	419,252
LEISURE PRODUCTS -- 0.2%	
2,000 Toho Co.	211,181
PHOTOGRAPHY -- 0.6%	
16,000 Fuji Photo Film Co.	558,906
REAL ESTATE -- 0.4%	
37,000 Mitsubishi Estate	326,463
RETAIL TRADE -- 0.6%	
11,000 Ito Yokado Co.*	519,491
TELECOMMUNICATIONS -- 1.0%	
111 Nippon Tele. & Tel. Corp.	923,194
	9,905,446
MEXICO -- 0.7%	
LEISURE TIME -- 0.2%	
53,724 Corp. Interamericana Entretenimiento*	149,474
PAPER AND FOREST PRODUCTS -- 0.1%	
26,500 Kimberly-Clark de Mexico	93,637
RETAIL TRADE -- 0.2%	
11,800 Grupo Elektra S.A. de C.V. GDR	115,050
33,000 Organiz. Soriana	94,018
TELECOMMUNICATIONS -- 0.0%	
800,000 Telesp. Celular S.A.*	33,928
TRANSPORTATION -- 0.2%	
4,700 Grupo Television S.A. de C.V. ADR*	176,838
	662,945
NETHERLANDS -- 2.6%	
BANKS -- 0.5%	
17,617 ABN Amro Hldgs. NV	\$ 412,529
BROADCASTING AND PUBLISHING -- 2.1%	
54,600 Ver Ned Uitgevers	1,984,966
	2,397,495
NEW ZEALAND -- 0.1%	
TELECOMMUNICATIONS -- 0.1%	
61,310 Telecom. Corp. of New Zealand	131,439

PEOPLE'S REPUBLIC OF CHINA -- 0.2%		
TELECOMMUNICATIONS -- 0.2%		
100,000 China Telecom.*		173,593

POLAND -- 0.8%		
ELECTRICAL EQUIPMENT -- 0.8%		
58,150 Elektrim*		708,740

SINGAPORE -- 0.2%		
PUBLISHING -- 0.2%		
25,775 Singapore Press Hldgs.		172,853

SPAIN -- 4.2%		
BANKS -- 2.2%		
81,300 Banco Santander S.A.		2,080,877
INDUSTRIALS -- 2.0%		
7,710 Grupo Acciona S.A.*		1,834,110

		3,914,987

SWEDEN -- 3.3%		
CONSTRUCTION AND MINING EQUIPMENT -- 0.8%		
29,050 Atlas Copco AB		792,173
TELECOMMUNICATIONS -- 2.5%		
78,800 LM Ericsson		2,301,956

		3,094,129

SWITZERLAND -- 6.8%		
BUSINESS SERVICES -- 1.7%		
3,445 Adecco S.A.		1,556,085
INSURANCE -- 2.3%		
3,450 Zurich Versicherungs-Gesellschaft		2,205,375
PHARMACEUTICALS -- 2.8%		
1,570 Novartis AG		2,616,839

		6,378,299

UNITED KINGDOM -- 21.7%		
BANKS -- 2.9%		
60,500 HSBC Hldgs.		1,466,765
59,861 Lloyds TSB Group PLC		838,080
24,500 National Westminster Bank Co. PLC		438,121

See notes to financial statements.

* Non-income producing security.

THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
Schedule of Investments (Continued)

Shares	Value

CONGLOMERATES -- 3.4%	
189,000 Hanson PLC	\$ 1,149,476
155,000 Rentokil Initial PLC	1,115,443
150,000 Williams Hldgs.	964,252
CONTAINERS-PAPER AND PLASTIC -- 0.4%	
80,000 Bunzl PLC	376,684
DATA SERVICES -- 0.4%	
34,667 Reuters Group PLC	396,502
DRUGS AND HEALTH CARE -- 3.3%	
81,000 Glaxo Wellcome	2,433,070
16,500 Zeneca Group	708,587
ELECTRONICS -- 0.4%	
52,000 Electrocomponents	408,075
ENGINEERING -- 0.7%	
34,000 Siebe	679,534
FINANCIAL SERVICES -- 0.9%	
43,000 CGU PLC*	802,692
FOOD, BEVERAGE AND TOBACCO -- 2.5%	
55,000 Devro Int'l.	462,382
132,800 Imperial Tobacco	980,074
55,929 Whitbread	905,831
LEISURE PRODUCTS -- 0.8%	
39,000 Granada Group	717,604

NEWSPAPERS -- 0.4%	
40,000 Southnews PLC	343,958
OIL-INTERNATIONAL -- 1.7%	
109,896 British Petroleum	1,603,732
RETAIL TRADE -- 0.6%	
66,337 Dixons Group	529,447
TELECOMMUNICATIONS -- 2.7%	
66,000 British Telecom.*	815,481
88,373 Cable & Wireless Co.*	895,667
66,000 Vodafone Group	838,072

Shares	Value
TRANSPORTATION-- 0.6%	
37,051 BAA PLC	\$ 388,916
6,000 Stagecoach Hldgs.*	127,732
	20,386,177
TOTAL COMMON STOCKS (COST \$65,321,108)	87,498,649

REPURCHASE AGREEMENT -- 6.2%

Principal Amount	Value
\$5,842,000 State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$5,842,811 at 5.00% due 7/1/98 (collateralized by \$5,965,000 U.S. Treasury Notes, 8.125% due 8/15/21)	\$ 5,842,000
TOTAL REPURCHASE AGREEMENT (COST \$5,842,000)	5,842,000

TOTAL INVESTMENTS -- 99.4% (COST \$71,163,108)	93,340,649
CASH, RECEIVABLES AND OTHER ASSETS LESS LIABILITIES -- 0.6%	540,445
NET ASSETS -- 100.0%	\$93,881,094

GLOSSARY OF TERMS:

ADR -- American Depositary Receipt.
GDR -- Global Depositary Receipt.

* Non-income producing security. See notes to financial statements.

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o The Guardian Baillie Gifford Emerging Markets Fund

COMMON STOCKS -- 82.2%	
Shares	Value
ARGENTINA -- 6.5%	
BANKS -- 0.5%	
5,319 Banco Galicia Y Buenos Aires S.A. ADR*	\$ 97,072
BUILDING CONSTRUCTION -- 0.3%	
21,200 Dycasa Dragados S.A.	65,730
OIL AND GAS -- 1.2%	

47,000	Perez Companc S.A.	235,974
REAL ESTATE -- 1.1%		
7,200	IRSA Inversiones Y Represente GDR*	209,700
RETAIL-FOOD -- 1.9%		
24,500	Imp. Y Exp. Patagonia*	363,878
TELECOMMUNICATIONS -- 1.5%		
9,327	Telefonica de Argentina S.A. ADR*	302,545

		1,274,899

BRAZIL -- 24.9%		
BANKS -- 2.2%		
770,000	Banco Itau S.A.	439,410
FOOD, BEVERAGE AND TOBACCO -- 2.2%		
280,000	Comp. Cerv. Ria Brahma	174,311
11,240	Comp. Cerv. Ria Brahma ADR	140,500
4,700,000	Comp. Lorenz	117,850
INDUSTRIAL MACHINERIES -- 1.3%		
15,300	Elevadores Atlas	257,966
PETROLEUM SERVICES -- 3.5%		
1,750,000	Petroleo Brasileiro S.A.	325,321
19,300	Petroleo Brasileiro S.A. ADR	358,783
REAL ESTATE -- 0.7%		
6,500	Brazil Realty S.A. GDR*	145,000
RETAIL-APPLIANCES -- 1.1%		
24,500	Globex Utilidades*	211,837
RETAIL-FOOD -- 1.9%		
16,500	Comp. Brasileiras de Dist. ADR	373,313
TELECOMMUNICATIONS -- 7.6%		
12,300,000	Ericsson Telecom. S.A.	233,972
4,250	Telecom. Brasileiras S.A. ADR	464,047
4,265,224	Telecom. de Sao Paulo S.A.	625,477
4,073,767	Telesp. Celular S.A.*	175,765
TEXTILE-APPAREL AND PRODUCTION -- 0.8%		
53,700	Confecoos Guararapes S.A.	160,187
UTILITIES-ELECTRIC AND WATER -- 3.6%		
6,246,000	Comp. Energetica de Minas*	194,419
3,304	Comp. Energetica de Minas ADR	102,849
2,948	Comp. Paranaense de Energia ADR	27,269

Shares		Value

1,470,004	Comp. Saneam. Basico	
	Est. de Sao Paulo	\$ 176,672
1,968,396	Eletropaulo Metropolitana S.A.	148,070
1,968,396	Emp. Bandeirante de Energia S.A.*	31,145
1,968,396	Emp. Metropolitana Aguas Energia*	1,532
1,968,396	Emp. Paulista Transmissao de Energia*	6,961
1,157,880	Light Participacoes	410

		4,893,066

CHILE -- 4.6%		
CHEMICALS -- 1.0%		
5,700	Sociedad Quimica Y Minera de Chile S.A. ADR	190,950
FOOD AND BEVERAGE -- 1.0%		
12,300	Embotelladora Andina S.A. ADR	192,188
MINING -- 0.6%		
30,420	Antofagasta Hldgs.	126,981
MUTUAL FUND -- 1.2%		
8,000	Genesis Chile Fund	236,000
RETAIL-FOOD -- 0.8%		
10,714	Distribucion Y Servicio ADR	160,710

		906,829

COLOMBIA -- 0.8%		
BANKS -- 0.8%		
8,600	Banco Ganadero S.A. ADR	151,575

CZECH REPUBLIC -- 1.2%		
FINANCIAL SERVICES -- 0.4%		
13,000	IKS KB Plus*	76,923
FOOD AND BEVERAGE -- 0.2%		
17,700	Prazske Pivovary*	37,444
TELECOMMUNICATIONS -- 0.6%		
8,000	SPT Telecom. AS*	110,617

		224,984

HONG KONG -- 2.0%		
REAL ESTATE -- 0.9%		

736,000	China Overseas Land	94,992
44,000	New World Development Co.	85,183
TELECOMMUNICATIONS -- 1.1%		
120,000	China Telecom.*	208,312

		388,487

HUNGARY -- 7.9%

BUILDING CONSTRUCTION AND MATERIALS -- 0.9%

4,830	Zalakeramia	171,640
CONSUMER GOODS -- 0.7%		
5,140	Graboplast Textile	130,234

* Non-income producing security. See notes to financial statements.

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THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND
Schedule of Investments (Continued)

Shares	Value

FOOD, BEVERAGE AND TOBACCO -- 1.2%	
4,180 Pick Szeged RT	\$ 244,510
LODGING -- 1.0%	
9,930 Danubius Hotel*	199,826
PHARMACEUTICALS -- 1.9%	
4,530 Richter Gedeon VEG	364,638
PLASTICS -- 1.3%	
6,750 Pannonplast	250,057
TRANSPORTATION -- 0.9%	
9,690 North American Bus*	190,565

	1,551,470

INDIA -- 2.9%	
MUTUAL FUND -- 2.0%	
22,000 India I.T. Fund Ltd.*	222,750
22,000 Indian Opportunity Fund*	170,500
TELECOMMUNICATIONS -- 0.9%	
17,000 Mahanagar Telephone Nigam Ltd. GDR*	178,075

	571,325

MALAYSIA -- 0.2%	
FOOD, BEVERAGE AND TOBACCO -- 0.2%	
32,000 RJ Reynolds Berhad	44,335

MEXICO -- 12.8%	
BANKS -- 0.8%	
85,000 Grupo Financiero Banamex*	165,544
CONGLOMERATES -- 0.8%	
40,000 Grupo Carso S.A. de C.V.*	165,600
FINANCIAL SERVICES -- 0.9%	
153,000 Grupo Financiero Banorte*	170,274
FOOD, BEVERAGE AND TOBACCO -- 2.0%	
75,250 Grupo Continental	251,238
4,500 Pan American Beverages, Inc.	141,469
MEDIA AND ENTERTAINMENT -- 4.2%	
170,852 Corp. Interamericana Entretenimiento*	475,355
9,200 Grupo Television S.A. de C.V. ADR*	346,150
PAPER AND FOREST PRODUCTS -- 1.3%	
72,000 Kimberly-Clark de Mexico	254,410
REAL ESTATE -- 1.2%	
42,200 Corp. Geo S.A.*	235,762
RETAIL TRADE -- 1.0%	
11,400 Grupo Elektra S.A. GDR	111,150
30,000 Organiz. Soriana	85,471
TELECOMMUNICATIONS -- 0.6%	
2,300 Telefonos de Mexico S.A. ADR	110,544

	2,512,967

Shares Value

PAKISTAN -- 0.1%

BANKS -- 0.1%		
41,000 Faysal Bank	\$	8,003

PEOPLE'S REPUBLIC OF CHINA -- 1.4%		
HOUSEHOLD PRODUCTS -- 0.9%		
236,000 Guandong Kelon Elec. Hldgs.		185,803
UTILITIES-ELECTRIC -- 0.5%		
354,000 Beijing Datang Power Gen. Co.*		99,374

		285,177

PERU -- 1.1%		
TELECOMMUNICATIONS -- 1.1%		
27,000 Telefonica del Peru*		55,609
8,100 Telefonica del Peru S.A. ADR*		165,544

		221,153

PHILIPPINES -- 0.3%		
BUSINESS SERVICES -- 0.3%		
600,000 Int'l. Container Terminal Svcs.*		68,345

POLAND -- 5.7%		
BANKS -- 3.8%		
19,700 Bank Handlowy Warsaw		375,695
13,800 Bank Roswoju Eksport		373,989
ELECTRICAL EQUIPMENT -- 1.9%		
30,000 Elektrim*		365,644

		1,115,328

PORTUGAL -- 0.6%		
FINANCIAL SERVICES -- 0.6%		
4,380 Comp. de Seguros Tranquilidade		118,635

SINGAPORE -- 0.2%		
CONSTRUCTION -- 0.2%		
48,000 Clipsal Industries Ltd.*		42,960

SOUTH AFRICA -- 4.8%		
BREWING -- 1.6%		
15,000 South African Breweries		308,600
CONGLOMERATES -- 0.4%		
13,099 Barlow Ltd.		69,029
CONSUMER GOODS -- 0.6%		
23,000 Ellerrine Hldgs.*		126,054
FINANCIAL SERVICES -- 1.9%		
155,250 FirstRand Ltd.		238,242
7,200 Liberty Life Assoc.*		140,358
OIL-DOMESTIC -- 0.3%		
10,000 Sasol		57,926

		940,209

SOUTH KOREA -- 0.6%		
ELECTRONIC EQUIPMENTS -- 0.6%		
8,000 Samsung Electronics. Ltd. GDR*+		127,000

+ Rule 144A restricted security.

* Non-income producing security. See notes to financial statements.

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THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND
Schedule of Investments (Continued)

Shares	Value

SRI LANKA -- 0.6%	
BANKS -- 0.6%	
60,000 National Development Bank	\$ 114,679

TAIWAN -- 3.0%	
FINANCIAL SERVICES -- 0.9%	
73,500 China Development*	170,057
INDUSTRIAL MACHINERIES -- 0.9%	
151,000 Yungtay Engineering Co. Ltd.	182,375
TEXTILE-APPAREL AND PRODUCTION -- 1.2%	

313,600	Far East Textile	242,772

		595,204

	TOTAL COMMON STOCKS	
	(COST \$20,076,305)	16,156,630

	CONVERTIBLE BONDS -- 6.8%	

Principal		
Amount		Value

\$ 350,000	Amkor Technology, Inc.	
	5.75% due 5/1/03	\$ 320,460
260,000	Metro Pacific Capital	
	2.50% due 4/11/03	206,050
450,000	Orient Semiconductor Elect. Ltd.	
	1.50% due 2/26/03	397,305
430,000	Siliconware Precision Industries	
	.50% due 7/21/04	412,714

	TOTAL CONVERTIBLE BONDS	
	(COST \$1,435,542)	1,336,529

	REPURCHASE AGREEMENT -- 8.4%	

Principal		
Amount		Value

\$1,661,000	State Street Bank & Trust Co.	
	repurchase agreement,	
	dated 6/30/98, maturity	
	value \$1,661,231 at 5.00%	
	due 7/1/98 (collateralized	
	by \$1,700,000 U.S.	
	Treasury Bonds, 6.75%	
	due 8/15/26)	\$ 1,661,000

	TOTAL REPURCHASE AGREEMENT	
	(COST \$1,661,000)	1,661,000

	TOTAL INVESTMENTS -- 97.4%	
	(COST \$23,172,847)	19,154,159
	CASH, RECEIVABLES AND OTHER ASSETS	
	LESS LIABILITIES -- 2.6%	517,565

	NET ASSETS -- 100.0%	\$19,671,724

GLOSSARY OF TERMS:

ADR -- American Depositary Receipt.

GDR -- Global Depositary Receipt.

See notes to financial statements.

* Non-income producing security.

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o THE GUARDIAN INVESTMENT QUALITY BOND FUND

ASSET BACKED -- 11.4%

Principal		
Amount		Value

\$1,000,000	Advanta Mtg. Loan Trust 1998 A3	
	6.27% due 12/25/17	\$ 1,005,490
500,000	Amresco 1997-1 M1F	
	7.42% due 3/25/27	512,815

988,000	Deutsche Financial 1997-1 A2 6.55% due 9/15/27	997,445
1,000,000	EQCC Home Equity Loan Tr. 1996 A4 6.56% due 3/15/23	1,013,220
1,250,000	Green Tree 1998-4 A5 6.18% due 4/1/30	1,253,500
1,500,000	Green Tree 1997-4A6 7.03% due 2/15/29	1,546,698
1,000,000	Green Tree 1997-E HEA4 6.69% due 1/15/29	1,009,000
1,000,000	Money Store Tr. 1998-A AF5 6.37% due 12/15/02	1,004,880
1,565,000	Premier Auto Tr. 1997-2 B 6.53% due 12/6/03	1,587,646
1,200,000	Sears Cr. Account Master 1998-1 A 5.80% due 8/15/05	1,196,760
1,000,000	UAC Auto Trust 1997-B A2 6.70% due 6/10/03	1,013,570
1,740,000	UCFC Loan Tr. 1997-D A6 7.095% due 4/15/27	1,784,596
1,200,000	Vanderbilt Mtg. 1997-B 1A3 6.975% due 8/7/11	1,226,544
TOTAL ASSET BACKED (COST \$15,023,717)		15,152,164

CORPORATE BONDS -- 32.3%

Principal Amount		Value
AEROSPACE AND DEFENSE -- 1.7%		
\$1,000,000	Lockheed Martin Corp. 6.55% due 5/15/99	\$ 1,003,031
1,250,000	Raytheon Co. 5.95% due 3/15/01	1,249,642

		2,252,673

AUTOMOTIVE -- 0.8%		
1,000,000	Ford Motor Credit Co. 6.125% due 4/28/03	1,001,753

BEVERAGE AND TOBACCO -- 2.7%		
\$1,200,000	Coca Cola Enterprises, Inc. 6.95% due 11/15/26	1,257,952
1,000,000	Philip Morris Cos., Inc. 7.50% due 4/1/04	1,051,613
1,250,000	Philip Morris Cos., Inc. 6.15% due 3/15/00	1,249,362

		3,558,927

CONGLOMERATES -- 0.9%		
\$1,200,000	Tyco Int'l. Group S.A. 6.125 due 6/15/01	\$ 1,203,295

ENTERTAINMENT -- 0.8%		
1,000,000	Time Warner, Inc. 6.95% due 1/15/28	1,013,715

FINANCIAL-OTHER -- 10.7%		
1,000,000	Associates Corp. of North America 5.85% due 1/15/01	996,794
1,000,000	Bear Stearns Cos., Inc. 6.20% due 3/30/03	1,001,608
1,250,000	Donaldson Lufkin & Jenrette Sec. Corp. 6.11% due 5/15/01	1,251,125
1,000,000	Hutchinson Whampoa Fin. C I Ltd.+ 7.50% due 8/1/27	765,293
500,000	Lehman Brothers Hldgs., Inc. 6.94% due 9/30/99	504,745
500,000	Lehman Brothers Hldgs., Inc. 6.92% due 10/4/99	505,350
1,500,000	Lehman Brothers Hldgs., Inc. 6.84% due 10/7/99	1,512,687
2,500,000	Lehman Brothers Hldgs., Inc. 6.00% due 2/26/01	2,490,950
1,100,000	Merrill Lynch & Co., Inc. 6.02% due 5/11/01	1,101,636
850,000	Morgan Stanley Dean Witter 6.09% due 3/9/01	849,830

1,000,000	Salomon, Inc.	
	6.65% due 7/15/01	1,016,613
2,160,000	Salomon, Inc.	
	6.625% due 11/30/00	2,192,169

		14,188,800

HOSPITAL-SUPPLIES -- 0.8%		
1,000,000	Mallinckrodt, Inc.+	
	6.30% due 3/15/11	1,003,066

HOUSEHOLD PRODUCTS -- 0.9%		
1,250,000	U.S. Filter Corp.+	
	6.375% due 5/15/11	1,248,375

INSURANCE -- 1.8%		
1,300,000	Conseco, Inc.	
	6.40% due 6/15/01	1,297,790
950,000	Zurich Capital Tr.+	
	8.376% due 6/1/37	1,054,519

		2,352,309

MERCHANDISING-DEPARTMENT STORES -- 0.9%		
1,300,000	Dayton Hudson Corp.	
	5.95% due 6/15/00	1,299,706

+ Rule 144A restricted security.

36 See notes to financial statements.

THE GUARDIAN INVESTMENT QUALITY BOND FUND
Schedule of Investments (Continued)

Principal Amount		Value

MERCHANDISING-FOOD -- 0.9%		
\$1,200,000	Albertsons, Inc.	
	6.625% due 6/1/28	\$ 1,195,080

MISCELLANEOUS-CAPITAL GOODS -- 0.9%		
1,250,000	Ikon Capital, Inc.	
	6.73% due 6/15/01	1,271,678

MISCELLANEOUS-FINANCIAL -- 0.8%		
1,000,000	Comdisco, Inc.	
	6.06% due 5/5/00	1,000,394

OIL AND GAS PRODUCING -- 0.8%		
1,000,000	Vastar Resources, Inc.	
	6.00% due 4/20/00	1,000,394

OIL-INTEGRATED-INTERNATIONAL -- 0.5%		
800,000	LG Caltex Oil Corp.+	
	7.50% due 7/15/07	598,400

RAILROADS -- 1.1%		
1,250,000	Norfolk Southern Corp.	
	7.80% due 5/15/27	1,431,465

TELECOMMUNICATIONS -- 3.0%		
1,000,000	Lucent Technologies, Inc.	
	6.50% due 1/15/28	1,019,797
1,000,000	MCI Communications Corp.	
	6.125% due 4/15/02	1,001,051
2,000,000	TCI Communications, Inc.	
	7.25% due 6/15/99	2,022,344

		4,043,192

UTILITIES-GAS AND PIPELINE -- 2.3%		
650,000	Occidental Petroleum Corp.	
	6.40% due 4/1/03	654,393
2,500,000	Williams Cos., Inc.+	
	5.95% due 2/15/00	2,495,658

		3,150,051

COLLATERALIZED MORTGAGE OBLIGATIONS -- 5.2%

Principal Amount		Value
\$1,000,000	Bear Asset Trust 1997-1 A 6.682% due 2/15/06	\$ 1,001,600
1,250,000	Bear Stearns Coml. Mtg. Secs., Inc. CTF 1998-1 A2 6.44% due 6/1/30	1,264,500
1,000,000	Federal Home Loan Mtg. Corp. 1998 EB 7.00% due 1/15/25	1,016,234
1,000,000	Federal National Mortgage Assn. 1995-13C 6.50% due 10/25/08	1,006,240
1,459,977	GE Capital Mortgage Svcs., Inc. 1996-3A7 7.00% due 3/25/26	1,479,594
1,150,000	GMAC Coml. Mtg. Sec., Inc. 1998-1C 6.806% due 4/15/08	1,180,820
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (COST \$6,860,568)		6,948,988

MORTGAGE PASS-THROUGHS -- 13.7%

Principal Amount		Value
\$ 194,109	FHLMC Pool # E54124 7.00% due 8/1/08	\$ 197,701
700,000	FNMA TBA 7.00% (15 yr.) (a)	712,469
800,000	FNMA TBA 7.00% (30 yr.) (a)	811,244
3,400,000	FNMA TBA 6.50% (15 yr.) (a)	3,419,108
11,660,000	FNMA TBA 6.50% (30 yr.) (a)	11,608,906
82,715	FNMA Pool # 050989 7.00% due 2/1/09	84,232
32,313	FNMA Pool # 250993 7.00% due 7/1/12	32,896
6,154	FNMA Pool # 339760 7.50% due 5/1/27	6,313
36,882	FNMA Pool # 392283 7.00% due 6/1/12	37,547
438,905	FNMA Pool # 395044 7.00% due 12/1/12	446,823
41,385	FNMA Pool # 395781 7.00% due 10/1/27	41,982
750,000	GNMA TBA 6.50% (30 yr.) (a)	748,120
TOTAL MORTGAGE PASS-THROUGHS (COST \$18,101,624)		18,147,341

U.S. GOVERNMENT -- 32.2%

\$3,475,000	U.S. Treasury Bonds 6.625% due 2/15/27	\$ 3,925,666
700,000	U.S. Treasury Bonds 6.50% due 11/15/26	777,437

+ Rule 144A restricted security.

THE GUARDIAN INVESTMENT QUALITY BOND FUND
Schedule of Investments (Continued)

Principal Amount		Value
\$ 830,000	U.S. Treasury Bonds 6.375% due 8/15/27	\$ 911,703
5,220,000	U.S. Treasury Bonds 6.125% due 11/15/27(b)	5,593,559
1,000,000	U.S. Treasury Notes 7.875% due 11/15/04	1,123,125
5,800,000	U.S. Treasury Notes 6.875% due 8/31/99	5,887,000
2,660,000	U.S. Treasury Notes 6.625% due 6/30/01	2,737,308
3,000,000	U.S. Treasury Notes 6.50% due 5/15/05	3,166,875
1,800,000	U.S. Treasury Notes 6.50% due 8/15/05	1,900,125
2,200,000	U.S. Treasury Notes 6.375% due 5/15/00	2,233,000
650,000	U.S. Treasury Notes 6.125% due 8/15/07	676,610
2,250,000	U.S. Treasury Notes 5.750% due 4/30/03	2,271,798
965,000	U.S. Treasury Notes 5.625% due 5/15/01	968,318
6,900,000	U.S. Treasury Notes 5.500% due 3/15/00	6,897,847
1,200,000	U.S. Treasury Notes 5.500% due 5/31/03	1,200,000
2,450,000	U.S. Treasury Notes 5.500% due 2/15/08	2,449,236
TOTAL U.S. GOVERNMENT SECURITIES (COST \$41,911,726)		42,719,607

YANKEE BONDS -- 1.8%

Principal Amount		Value
\$ 650,000	Petroliam Nasional Berhad+ 6.625% due 10/18/01	\$ 601,464
600,000	Thailand Kingdom 7.55% due 8/15/99	590,687
1,200,000	Yorkshire Pwr. Fin. Ltd.+ 6.154% due 2/25/03	1,203,431
TOTAL YANKEE BONDS (COST \$2,402,100)		2,395,582

COMMERCIAL PAPER -- 17.1%

Principal Amount		Value
\$ 720,000	General Elec. Cap. Corp. 5.51% due 7/20/98(a)	\$ 717,906

FINANCIAL-OTHER -- 7.5%

3,449,000	Dakota Certificates 5.52% due 7/20/98(a)	3,438,952
5,818,000	Goldman Sachs Group LP 5.51% due 7/14/98(a)	5,806,424
752,000	Merrill Lynch & Co., Inc. 5.53% due 7/21/98(a)	749,690
		9,995,066

OIL AND GAS SERVICES -- 5.0%

6,674,000	Baker Hughes, Inc. 5.52% due 7/14/98(a)	6,660,696
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TELECOMMUNICATIONS -- 4.1%

5,391,000	Lucent Technologies, Inc. 6.00% due 7/1/98(b)	5,391,000
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TOTAL COMMERCIAL PAPER (COST \$22,764,668)	22,764,668
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 REPURCHASE AGREEMENT -- 1.6%

Principal Amount		Value
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\$2,176,000	State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$2,176,345 at 5.70% due 7/1/98 (collateralized by U.S. Treasury Notes, \$2,225,000, 6.75% due 5/31/99	\$ 2,176,000
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TOTAL REPURCHASE AGREEMENT (COST \$2,176,000)	2,176,000
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TOTAL INVESTMENTS -- 115.3% (COST \$152,101,818)	153,117,623
PAYABLES FOR REVERSE REPURCHASE AGREEMENTS(a) -- (4.1%)	(5,390,225)
PAYABLES FOR FORWARD MORTGAGE SECURITIES(a) -- (13.0%)	(17,299,847)
CASH, RECEIVABLES AND OTHER ASSETS LESS LIABILITIES -- 1.8%	2,395,073
NET ASSET -- 100.0%	\$132,822,624

(a) Commercial paper with the total amount of \$17,373,668 is segregated to cover forward mortgage purchases.

(b) Commercial paper in the amount of \$5,391,000 is segregated to cover reverse repurchase agreements.

+ Rule 144A restricted security.

 38 See notes to financial statements.

o THE GUARDIAN TAX-EXEMPT FUND

 MUNICIPAL BONDS -- 94.8%

Principal Amount		Rating Moody's/ S&P*	Value
ARIZONA -- 3.8%			
\$1,000,000	Phoenix, AZ G.O. Ser. A, 7.00% due 7/1/10	Aa1/AA+	\$ 1,224,150
530,000	Pima Cty., AZ School District No.16 Catalina Foothills G.O., 6.50% due 7/1/10	Aaa/AAA	624,504
			1,848,654

CALIFORNIA -- 3.1%			
1,500,000	California St. Public Service G.O. Ser. A, 5.25% due 10/1/17	A/A	1,511,926

FLORIDA -- 13.9%			
1,000,000	Florida St. Board of Ed. Cap. Outlay G.O., 6.70% due 6/1/22	Aaa/AAA	1,083,370
1,140,000	Jacksonville, FL Sales Tax River City Ren. Proj.,		

1,500,000	5.125% due 10/1/18 Orange Cty., FL Tourist Dev. Tax G.O.	Aaa/AAA	1,135,634
1,200,000	5.00% due 10/1/15 Orlando, FL G.O. Ser. A,	Aaa/AAA	1,500,480
1,385,000	5.00% due 10/1/18 Orlando, FL G.O. Utilities	Aa3/AA-	1,181,136
300,000	Water & Elec. Rev. Ser. A, 6.50% due 10/1/20 Orlando, FL G.O. Utilities	Aaa/AA-	1,514,982
	Water & Elec. Rev., 6.00% due 10/1/10	Aa1/AA	340,641

			6,756,243

GEORGIA -- 2.1%			
1,000,000	Burke Cty., GA Dev. Auth. Pol., 3.95% due 7/1/24	A1/A+	1,000,000

MINNESOTA -- 3.0%			
1,500,000	Minneapolis & St. Paul, MN Ser. A, 5.00% due 1/1/19	Aaa/AAA	1,474,500

MISSOURI -- 5.8%			
1,000,000	Missouri St. G.O. Ser. A, Fourth State Bldg., 5.75% due 8/1/18	Aaa/AAA	1,066,100
1,485,000	St. Louis, MO Reg. Con. Prerefunded Ser. C 7.90% due 8/15/21	Aaa/AAA	1,739,989

			2,806,089

Principal	Rating		
Amount	Moody's/ S&P*	Value	

NEVADA -- 2.3% \$1,000,000 Nevada St.			
	Colorado Riv. Comm. 6.50% due 7/1/19	A1/AA-	\$ 1,127,290

NEW JERSEY -- 5.1%			
1,750,000	New Jersey St. Hwy. Auth., 6.25% due 1/1/14	A1/AA-	1,889,143
500,000	New Jersey St. Transit Auth. G.O. Ser. A, 6.50% due 6/15/05	Aaa/AAA	564,415

			2,453,558

NEW YORK -- 17.1%			
1,500,000	New York City G.O. Ser. E, 5.875% due 8/1/13	A3/BBB+	1,604,025
1,500,000	New York City Mun. Water & Sewer Fin. Auth. Ser. A, 5.625% due 6/15/19	A2/A-	1,555,485
1,000,000	New York St. G.O. Dorm. Auth. Rev. Ref. City Univ. 5.75% due 7/1/12	Aaa/AAA	1,102,500
1,500,000	New York St. G.O. Dorm. Auth. Rev. St. Univ. Ed. Facs., 5.00% due 5/15/15	A3/A-	1,483,905
1,000,000	New York St. G.O. Dorm. Auth. Rev. St. Univ. Ed. Facs., 5.00% due 5/15/17	A3/A-	982,560
500,000	New York St. G.O. Ser. A, 5.875% due 3/15/15	A/A-	532,190
1,000,000	New York St. Thruway Auth. Svc. Contract, 5.75% due 4/1/16	Baa1/BBB	1,041,960

			8,302,625

OHIO -- 9.7%			
1,000,000	Cleveland, OH Parking Fac. Rev., 5.50% due 9/15/16	Aaa/AAA	1,042,360
500,000	Columbus, OH Water System Rev., 6.10% due 11/1/03	Aa3/AA-	540,075
1,000,000	Ohio St. Bldg. Auth. Disalle		

1,000,000	Gov't. Center G.O. Ser. A, 6.00% due 10/1/05 Ohio St. G.O. Water Dev. Pollution Control, 5.00% due 6/1/15	Aa3/AA-	1,102,590
1,000,000	Ohio St. Water Dev. Auth. Rev., 5.125% due 12/1/18	Aaa/AAa	996,000
		Aa3/A+	998,700
			----- 4,679,725
See notes to financial statements.			* Unaudited. 39

THE GUARDIAN TAX-EXEMPT FUND
Schedule of Investments (Continued)

Principal Amount		Rating Moody's/ S&P*	Value

OKLAHOMA -- 6.1%			
\$1,270,000	Grand River Dam Auth., OK G.O., 6.25% due 6/1/11	Aaa/AAA	\$ 1,467,637
1,500,000	Oklahoma St. Tpk. Second Sr. Ser. A, 5.00% due 1/1/16	Aaa/AAA	1,499,130
			----- 2,966,767

SOUTH CAROLINA -- 2.3%			
1,000,000	South Carolina St. Public Svc. Auth. Ser. B, 7.00% due 7/1/12	Aaa/AAA	1,102,300

PUERTO RICO -- 6.2%			
1,500,000	Puerto Rico Comwlth., 5.00% due 7/1/17	Aaa/AAA	1,493,625
1,500,000	Puerto Rico Comwlth., Ser. A, 5.00% due 7/1/17	Aaa/AAA	1,493,625
			----- 2,987,250

TEXAS -- 11.2%			
1,250,000	Austin, TX 5.00% due 9/1/15	Aa2/AA	1,249,200
1,050,000	Bryan, TX Indpt. Sch. Dist. G.O., 5.50% due 2/15/17	Aaa/NR	1,083,579
1,000,000	Texas St. Pub. Fin. Auth. Bldg. Gen. Svc. Comm. Proj. Ser. A, 5.00% due 2/1/14	Aaa/AAA	998,350

Principal Amount		Rating Moody's/ S&P*	Value

\$ 555,000	Texas St. Water Dev't. G.O. Ser. A, 6.50% due 8/1/05	Aa2/AA	\$ 627,971
1,500,000	Texas St. Water Dev't. Brd. Revolving Fd. Sr. Lien B 5.00% due 7/15/19	Aa2/AAA	1,474,095
			----- 5,433,195

VIRGINIA -- 3.1%			
1,500,000	Virginia College Bldg. Auth. Ser. A, 5.00% due 9/1/16	Aa2/AA	1,486,650

	TOTAL MUNICIPAL BONDS (COST \$44,778,984)		45,936,772

TOTAL INVESTMENTS -- 94.8%			

(COST \$44,778,984)	45,936,772
CASH, RECEIVABLES AND OTHER ASSETS	
LESS LIABILITIES -- 5.2%	2,533,561
NET ASSETS-- 100.0%	\$48,470,333

GLOSSARY:
G.O. -- General Obligation.

* Unaudited. See notes to financial statements.
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o THE GUARDIAN CASH MANAGEMENT FUND

COMMERCIAL PAPER -- 85.2%

Principal Amount		Maturity Date	Value
FINANCIAL -- 27.7%			
BANK HOLDING COMPANIES -- 3.6%			
\$ 6,500,000	J.P. Morgan & Co., Inc. 5.50%	8/21/98	\$ 6,449,355

FINANCE COMPANIES -- 13.9%

6,000,000	Goldman Sachs Group LP 5.51%	7/10/98	5,991,736
5,000,000	Merrill Lynch & Co., Inc. 5.51%	7/31/98	4,977,043
1,500,000	Merrill Lynch & Co., Inc. 5.52%	7/31/98	1,493,100
6,000,000	Private Export Funding Corp. 5.49%	8/5/98	5,967,975
6,500,000	USAA Capital Corp. 5.50%	7/1/98	6,500,000
			24,929,854

OTHER MAJOR BANKS -- 6.9%

6,500,000	Commerzbank U.S. Finance 5.55%	7/27/98	6,473,946
6,000,000	Dresdner U.S. Finance 5.51%	8/3/98	5,969,695
			12,443,641

UTILITIES-ELECTRIC -- 3.3%

6,000,000	Nat'l. Rural Utils. Coop. Fin. Corp. 5.47%	7/17/98	5,985,413
-----------	---	---------	-----------

TOTAL FINANCIAL 49,808,263

INDUSTRIAL -- 57.5%

AUTOMOTIVE -- 13.9%

6,500,000	Daimler Benz North America Co. 5.52%	8/20/98	6,450,167
6,500,000	Ford Motor Credit Co. 5.54%	7/6/98	6,494,999
6,000,000	Toyota Motor Credit Co. 5.48%	7/20/98	5,982,647
6,000,000	Volkswagen of America, Inc. 5.51%	7/20/98	5,982,552
			24,910,365

COMPUTER SYSTEMS -- 3.6%

6,500,000	Int'l. Business Machines 5.51%	7/22/98	6,479,108
-----------	-----------------------------------	---------	-----------

CONGLOMERATES -- 3.6%

6,500,000	General Electric Cap. Corp. 5.60%	1/20/98	6,457,221
-----------	--------------------------------------	---------	-----------

FOOD AND BEVERAGE -- 5.8%

4,000,000	H. J. Heinz Co. 5.50%	7/23/98	3,986,556
6,500,000	Hershey Foods Corp. 5.51%	7/24/98	6,477,113
			10,463,669

Principal Amount		Maturity Date	Value
HOUSEHOLD PRODUCTS -- 3.3%			
\$ 6,000,000	Colgate Palmolive Co. 5.50%	9/10/98	\$ 5,934,917
MACHINERY AND EQUIPMENT -- 3.3%			
6,000,000	Deere & Co. 5.48%	7/9/98	5,992,693
METALS -- 3.6%			
6,500,000	Aluminum Co. of America 5.55%	7/8/98	6,492,985
OIL-INTEGRATED-DOMESTIC -- 3.6%			
6,500,000	Shell Finance 5.50%	7/23/98	6,478,153
OIL-INTEGRATED-INTERNATIONAL -- 3.3%			
6,000,000	Texaco, Inc. 5.49%	8/4/98	5,968,890
TELECOMMUNICATIONS -- 10.2%			
6,500,000	Bell Atlantic Financial Svcs. 5.52%	7/10/98	6,491,030
6,000,000	GTE Finance Corp. 5.56%	7/22/98	5,980,540
6,000,000	Telstra Corp. Ltd. 5.54%	8/24/98	5,950,140
			18,421,710
UTILITIES-ELECTRIC -- 3.3%			
6,000,000	Electricite de France 5.47%	8/12/98	5,961,710
	TOTAL INDUSTRIAL		103,561,421
	TOTAL COMMERCIAL PAPER (COST \$153,369,684)		153,369,684

REPURCHASE AGREEMENT -- 14.9%

Principal Amount		Value
\$26,761,000	State Street Bank & Trust Co. repurchase agreement, dated 6/30/98, maturity value \$26,765,237 at 5.70% due 7/1/98 (collateralized by \$27,300,000 U.S. Treasury Notes, 5.50% due 3/31/03)	\$ 26,761,000
	TOTAL REPURCHASE AGREEMENT (COST \$26,761,000)	26,761,000
TOTAL INVESTMENTS -- 100.1%		
	(COST \$180,130,684)	180,130,684
LIABILITIES IN EXCESS OF CASH, RECEIVABLES AND OTHER ASSETS -- (0.1%)		
		(146,457)
NET ASSETS -- 100.0%		
		\$179,984,227

See notes to financial statements.

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FINANCIAL STATEMENTS

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STATEMENTS OF ASSETS AND LIABILITIES

June 30, 1998 (Unaudited)

<CAPTION>				
	THE GUARDIAN PARK AVENUE FUND	THE GUARDIAN PARK AVENUE SMALL CAP FUND	THE GUARDIAN ASSET ALLOCATION FUND	THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investments, at identified cost*	\$2,301,471,434	\$142,043,816	\$163,891,814	\$71,163,108
Investments, at market	3,196,193,270	162,607,769	150,031,979	93,340,649
Repurchase agreements	--	--	40,164,000	--
TOTAL INVESTMENTS	3,196,193,270	162,607,769	190,195,979	93,340,649
Cash	823,936	5,114	971	717
Foreign currency (cost \$2,403,720 GBGIF and \$467,957 GBGEMF, respectively)	--	--	--	2,396,757
Receivable for securities sold	52,559,711	733,712	53,428	131,657
Receivable for fund shares sold	5,846,077	606,083	544,662	167,035
Receivable for futures margin variation	--	--	70,125	--
Dividends receivable	2,484,411	80,636	235,103	109,809
Interest receivable	32,500	1,615	6,360	811
Deferred organization expenses -- Note 8	--	34,081	--	--
Dividend reclaims receivable	--	--	--	100,585
Other assets	1,929	11,069	891	717
TOTAL ASSETS	3,257,941,834	164,080,079	191,107,519	96,248,737
LIABILITIES				
Payable for securities purchased	31,486,373	2,261,671	63,812	1,805,901
Payable for reverse repurchase agreements -- Note 6	--	--	--	--
Payable for forward mortgage securities -- Note 7	--	--	--	--
Unrealized depreciation on closed forward foreign currency contracts	--	--	--	106,080
Distributions payable	--	--	--	--
Payable for fund shares redeemed	3,072,722	181,047	78,884	62,103
Accrued expenses	351,898	6,743	16,587	47,884
Due to affiliates	6,797,082	551,460	320,109	345,675
TOTAL LIABILITIES	41,708,075	3,000,921	479,392	2,367,643
NET ASSETS	\$3,216,233,759	\$161,079,158	\$190,628,127	\$93,881,094

* Includes repurchase agreements.

See notes to financial statements.

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</TABLE>

<TABLE>

<CAPTION>

	THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND	THE GUARDIAN INVESTMENT QUALITY BOND FUND	THE GUARDIAN TAX-EXEMPT FUND	THE GUARDIAN CASH MANAGEMENT FUND
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investments, at identified cost*	\$23,172,847	\$152,101,818	\$44,778,984	\$180,130,684
Investments, at market	19,154,159	153,117,623	45,936,772	153,369,684
Repurchase agreements	--	--	--	26,761,000

TOTAL INVESTMENTS	19,154,159	153,117,623	45,936,772	180,130,684
Cash	1,467	255	327,395	32,102
Foreign currency (cost \$2,403,720 GBGIF and \$467,957 GBGEMF, respectively)	441,338	--	--	--
Receivable for securities sold	116,028	976,585	2,708,271	--
Receivable for fund shares sold	2,137	1,312,626	287	775,184
Receivable for futures margin variation	--	--	--	--
Dividends receivable	96,260	--	--	--
Interest receivable	7,935	1,405,536	778,744	4,237
Deferred organization expenses -- Note 8	20,279	--	--	--
Dividend reclaims receivable	1,098	--	--	--
Other assets	21,179	--	425	2,226
TOTAL ASSETS	19,861,880	156,812,625	49,751,894	180,944,433
LIABILITIES				
Payable for securities purchased	--	995,062	1,182,905	--
Payable for reverse repurchase agreements -- Note 6	--	5,390,225	--	--
Payable for forward mortgage securities -- Note 7	--	17,299,847	--	--
Unrealized depreciation on closed forward foreign currency contracts	--	--	--	--
Distributions payable	--	19,727	9,047	35,983
Payable for fund shares redeemed	13,677	61,849	--	528,000
Accrued expenses	10,850	5,571	--	52,779
Due to affiliates	165,629	217,720	89,609	343,444
TOTAL LIABILITIES	190,156	23,990,001	1,281,561	960,206
NET ASSETS	\$19,671,724	\$132,822,624	\$48,470,333	\$179,984,227

* Includes repurchase agreements.

See notes to financial statements.

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</TABLE>

<TABLE>

THE PARK AVENUE PORTFOLIO

STATEMENTS OF ASSETS AND LIABILITIES (CONTINUED)

June 30, 1998 (Unaudited)

<CAPTION>

	THE GUARDIAN PARK AVENUE FUND	THE GUARDIAN PARK AVENUE SMALL CAP FUND	THE GUARDIAN ASSET ALLOCATION FUND	THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
<S>	<C>	<C>	<C>	<C>
COMPONENTS OF NET ASSETS				
Shares of beneficial interest, at par	\$ 627,011	\$ 110,637	\$ 126,208	\$ 49,894
Additional paid-in capital	2,204,075,918	142,330,335	157,609,553	67,830,659
Undistributed/(overdistributed) net investment income	1,012,257	(308,208)	520,467	(440,091)
Accumulated net realized gain/(loss) on investments and foreign currency related transactions	115,796,737	(1,617,559)	6,466,955	4,382,111
Net unrealized appreciation/(depreciation) of investments and foreign currency related transactions	894,721,836	20,563,953	25,904,944	22,058,521
NET ASSETS	\$3,216,233,759	\$161,079,158	\$190,628,127	\$93,881,094
NET ASSETS				
Class A	\$2,876,742,621	\$133,808,366	\$169,275,654	\$85,297,901
Class B	\$ 339,491,138	\$ 27,270,792	\$ 21,352,473	\$ 8,583,193
SHARES OF BENEFICIAL INTEREST				
OUTSTANDING -- \$0.01 PAR VALUE				
Class A	56,061,398	9,173,288	11,202,254	4,525,889
Class B	6,639,677	1,890,390	1,418,582	463,519

NET ASSET VALUE PER SHARE				
Class A	\$51.31	\$14.59	\$15.11	\$18.85
Class B	\$51.13	\$14.43	\$15.05	\$18.52
MAXIMUM OFFERING PRICE PER SHARE				
Class A Only (Net Asset Value x 104.71%)*	\$53.73	\$15.28	\$15.82	\$19.74

* Based on sale of less than \$100,000. On sale of \$100,000 or more, the offering price is reduced.

See notes to financial statements.

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</TABLE>

<TABLE>
<CAPTION>

	THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND	THE GUARDIAN INVESTMENT QUALITY BOND FUND	THE GUARDIAN TAX-EXEMPT FUND	THE GUARDIAN CASH MANAGEMENT FUND
<S>	<C>	<C>	<C>	<C>
COMPONENTS OF NET ASSETS				
Shares of beneficial interest, at par	\$ 26,454	\$ 132,612	\$ 48,460	\$ 1,799,842
Additional paid-in capital	26,522,864	130,845,907	47,133,208	178,184,385
Undistributed/(overdistributed) net investment income	41,822	--	--	--
Accumulated net realized gain/(loss) on investments and foreign currency related transactions	(2,871,845)	828,300	130,877	--
Net unrealized appreciation/(depreciation) of investments and foreign currency related transactions	(4,047,571)	1,015,805	1,157,788	--
NET ASSETS	\$19,671,724	\$132,822,624	\$48,470,333	\$179,984,227
NET ASSETS				
Class A	\$18,062,081	\$132,822,624	\$48,470,333	\$172,835,201
Class B	\$ 1,609,643	N/A	N/A	\$ 7,149,026
SHARES OF BENEFICIAL INTEREST				
OUTSTANDING -- \$0.01 PAR VALUE				
Class A	2,425,397	13,261,234	4,845,973	172,835,201
Class B	220,047	N/A	N/A	7,149,026
NET ASSET VALUE PER SHARE				
Class A	\$7.45	\$10.02	\$10.00	\$1.00
Class B	\$7.31	N/A	N/A	\$1.00
MAXIMUM OFFERING PRICE PER SHARE				
Class A Only (Net Asset Value x 104.71%)*	\$7.80	\$10.49	\$10.47	N/A**

* Based on sale of less than \$100,000. On sale of \$100,000 or more, the offering price is reduced.

** No load is charged on Class A shares.

See notes to financial statements.

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</TABLE>

<TABLE>

|_ THE PARK AVENUE PORTFOLIO

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STATEMENTS OF OPERATIONS

=====

Six Months Ended June 30, 1998 (Unaudited)

<S>	THE GUARDIAN PARK AVENUE FUND	THE GUARDIAN PARK AVENUE SMALL CAP FUND	THE GUARDIAN ASSET ALLOCATION FUND	THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
Dividends	\$ 17,369,345	\$ 511,159	\$ 1,235,054	\$ 934,483
Interest	5,179,084	232,232	1,403,469	66,142
Less: Foreign tax withheld	(6,750)	--	--	(116,468)
Total Income	22,541,679	743,391	2,638,523	884,157
EXPENSES:				
Investment advisory fees -- Note 2	7,284,233	540,987	240,250	329,364
Administrative fees -- Class A -- Note 2	2,202,622	150,393	107,859	93,607
Administrative fees -- Class B -- Note 2	344,161	29,936	12,266	9,319
12b-1 fees -- Class B -- Note 3	1,032,483	89,809	65,625	27,957
Transfer agent fees	1,315,990	121,672	110,839	88,669
Custodian fees	205,779	53,894	56,036	100,437
Printing expense	199,313	9,757	11,805	5,632
Registration fees	146,280	27,991	24,693	19,125
Trustees' fees -- Note 2	12,000	12,000	10,750	10,750
Audit fees	10,250	8,750	8,750	10,500
Legal fees	6,250	1,000	1,450	1,900
Insurance expense	1,899	561	878	704
Other	350	350	350	350
Deferred organization expense -- Note 8	--	4,499	897	1,224
Total Expenses	12,761,610	1,051,599	652,448	699,538
Less: Expenses assumed by investment advisor -- Note 2	--	--	--	--
Expenses Net of Reimbursement	12,761,610	1,051,599	652,448	699,538
NET INVESTMENT INCOME/(LOSS)	9,780,069	(308,208)	1,986,075	184,619
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES -- NOTE 4				
Net realized gain/(loss) on investments -- Note 1	115,802,323	(1,617,843)	5,390,638	4,557,203
Net realized gains received from underlying funds	--	--	1,076,107	--
Net realized gain/(loss) on foreign currencies -- Note 1	--	--	--	37,569
Net change in unrealized appreciation/(depreciation) on investments -- Note 4	250,877,923	10,046,847	6,548,228	8,978,915
Net change in unrealized appreciation/(depreciation) from translation of other assets and liabilities denominated in foreign currencies -- Note 4	--	--	--	(75,289)
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES	366,680,246	8,429,004	13,014,973	13,498,398
NET INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	\$376,460,315	\$ 8,120,796	\$15,001,048	\$13,683,017

See notes to financial statements.

</TABLE>				
<TABLE>				
<CAPTION>				
	THE GUARDIAN BAILLIE GIFFORD EMERGING	THE GUARDIAN INVESTMENT QUALITY	THE GUARDIAN TAX-EXEMPT FUND	THE GUARDIAN CASH MANAGEMENT

	MARKETS FUND	BOND FUND	FUND	
	<C>	<C>	<C>	<C>
<S>				
INVESTMENT INCOME				
Dividends	\$ 299,956	\$ --	\$ --	\$ --
Interest	38,572	3,348,857	1,221,558	4,371,211
Less: Foreign tax withheld	(2,444)	--	--	--
Total Income	336,084	3,348,857	1,221,558	4,371,211
EXPENSES:				
Investment advisory fees -- Note 2	112,282	270,433	118,589	390,112
Administrative fees -- Class A -- Note 2	25,723	135,216	59,295	187,562
Administrative fees -- Class B -- Note 2	2,347	--	--	7,494
12b-1 fees -- Class B -- Note 3	7,042	--	--	22,481
Transfer agent fees	32,313	38,271	18,264	163,660
Custodian fees	78,547	39,974	18,178	38,678
Printing expense	1,575	7,450	3,500	11,183
Registration fees	8,625	20,000	5,950	22,019
Trustees' fees -- Note 2	10,750	10,750	10,750	10,750
Audit fees	10,500	8,750	8,500	8,500
Legal fees	992	1,275	1,200	1,450
Insurance expense	561	176	136	313
Other	350	350	350	350
Deferred organization expense -- Note 8	2,650	896	896	--
Total Expenses	294,257	533,541	245,608	864,552
Less: Expenses assumed by investment advisor -- Note 2	--	127,891	67,725	201,362
Expenses Net of Reimbursement	294,257	405,650	177,883	663,190
NET INVESTMENT INCOME/(LOSS)	41,827	2,943,207	1,043,675	3,708,021
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES -- NOTE 4				
Net realized gain/(loss) on investments -- Note 1	(2,043,242)	1,100,659	496,817	--
Net realized gains received from underlying funds	--	--	--	--
Net realized gain/(loss) on foreign currencies -- Note 1	(30,765)	--	--	--
Net change in unrealized appreciation/(depreciation) on investments -- Note 4	(2,976,501)	215,144	(429,870)	--
Net change in unrealized appreciation/(depreciation) from translation of other assets and liabilities denominated in foreign currencies -- Note 4	(33,171)	--	--	--
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES	(5,083,679)	1,315,803	66,947	--
NET INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (5,041,852)	\$4,259,010	\$1,110,622	\$3,708,021

See notes to financial statements.

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<TABLE>

|_ THE PARK AVENUE PORTFOLIO

STATEMENTS OF CHANGES IN NET ASSETS

<CAPTION>

THE GUARDIAN PARK AVENUE FUND		THE GUARDIAN PARK AVENUE SMALL CAP FUND	
SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1997 (AUDITED)	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	PERIOD FROM APRIL 2, 1997+ TO DECEMBER 31, 1997 (AUDITED)

<S>	<C>	<C>	<C>	<C>
INCREASE/(DECREASE) IN NET ASSETS				
FROM OPERATIONS:				
Net investment income/(loss)	\$ 9,780,069	\$ 17,523,581	\$ (308,208)	\$ (41,076)
Net realized gain/(loss) on investments and foreign currency related transactions	115,802,323	250,113,783	(1,617,843)	2,422,438
Net change in unrealized appreciation/(depreciation) of investments and foreign currency related transactions	250,877,923	296,292,118	10,046,847	10,517,106
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	376,460,315	563,929,482	8,120,796	12,898,468
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income				
Class A	(9,135,616)	(17,140,750)	--	--
Class B	--	(15,027)	--	--
Distribution in excess of net investment income				
Class A	--	--	--	--
Net realized gain on investments and foreign currency related transactions				
Class A	(54,649,863)	(200,697,619)	(977,750)	(1,015,732)
Class B	(6,490,127)	(16,602,423)	(203,459)	(184,137)
TOTAL DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS	(70,275,606)	(234,455,819)	(1,181,209)	(1,199,869)
FROM CAPITAL SHARE TRANSACTIONS:				
Net increase/(decrease) in net assets from capital share transactions--Note 9	395,670,861	756,713,154	34,875,796	107,565,176
NET INCREASE/(DECREASE) IN NET ASSETS	701,855,570	1,086,186,817	41,815,383	119,263,775
NET ASSETS:				
Beginning of period	2,514,378,189	1,428,191,372	119,263,775	--
End of period*	\$3,216,233,759	\$2,514,378,189	\$161,079,158	\$119,263,775
* Includes undistributed/overdistributed net investment income of				
	\$ 1,012,257	\$ 367,804	\$ (308,208)	\$ --

<CAPTION>

<S>	THE GUARDIAN ASSET ALLOCATION FUND		THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND	
	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1997 (AUDITED)	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1997 (AUDITED)
INCREASE/(DECREASE) IN NET ASSETS				
FROM OPERATIONS:				
Net investment income/(loss)	\$ 1,986,075	\$ 2,914,100	\$ 184,619	\$ (25,976)
Net realized gain/(loss) on investments and foreign currency related transactions	6,466,745	16,232,374	4,594,772	4,071,149
Net change in unrealized appreciation/(depreciation) of investments and foreign currency related transactions	6,548,228	6,056,517	8,903,626	2,446,182
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	15,001,048	25,202,991	13,683,017	6,491,355
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income				
Class A	(1,377,232)	(2,813,753)	(27,720)	--
Class B	(88,376)	(140,422)	--	--
Distribution in excess of net investment income				
Class A	--	--	--	(630,995)
Net realized gain on investments and foreign currency related transactions				
Class A	(1,243,783)	(14,369,551)	(1,072,095)	(2,642,377)
Class B	(156,833)	(1,441,303)	(109,783)	(250,985)
TOTAL DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS	(2,866,224)	(18,765,029)	(1,209,598)	(3,524,357)
FROM CAPITAL SHARE TRANSACTIONS:				
Net increase/(decrease) in net assets from				

capital share transactions--Note 9	27,478,973	51,310,480	8,140,208	9,394,500
NET INCREASE/(DECREASE) IN NET ASSETS	39,613,797	57,748,442	20,613,627	12,361,498
NET ASSETS:				
Beginning of period	151,014,330	93,265,888	73,267,467	60,905,969
End of period*	\$190,628,127	\$151,014,330	\$93,881,094	\$73,267,467
=====				
+ Commencement of operations.				
* Includes undistributed/(overdistributed) net investment income of	\$ 520,467	\$ --	\$ (440,091)	\$ (596,990)

See notes to financial statements.

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</TABLE>

<TABLE>
<CAPTION>

	THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND		THE GUARDIAN INVESTMENT QUALITY BOND FUND	
	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	PERIOD FROM APRIL 2, 1997+ TO DECEMBER 31, 1997 (AUDITED)	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1997 (AUDITED)
<S>	<C>	<C>	<C>	<C>
INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS:				
Net investment income/(loss)	\$ 41,827	\$ 80,943	\$ 2,943,207	\$ 4,216,366
Net realized gain/(loss) on investments and foreign currency related transactions	(2,074,007)	(794,872)	1,100,659	486,008
Net change in unrealized appreciation/(depreciation) of investments and foreign currency related transactions	(3,009,672)	(1,037,899)	215,144	1,432,635
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	(5,041,852)	(1,751,828)	4,259,010	6,135,009
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income				
Class A	(6,305)	(76,816)	(2,943,207)	(4,216,366)
Class B	--	--	--	--
Distribution in excess of net investment income				
Class A	--	--	--	--
Net realized gain on investments and foreign currency related transactions				
Class A	(727)	--	--	--
Class B	(66)	--	--	--
TOTAL DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS	(7,098)	(76,816)	(2,943,207)	(4,216,366)
FROM CAPITAL SHARE TRANSACTIONS:				
Net increase/(decrease) in net assets from capital share transactions-- Note 9	1,239,626	25,309,692	32,572,109	46,222,148
NET INCREASE/(DECREASE) IN NET ASSETS	(3,809,324)	23,481,048	33,887,912	48,140,791
NET ASSETS:				
Beginning of period	23,481,048	--	98,934,712	50,793,921
End of period*	\$19,671,724	\$23,481,048	\$132,822,624	\$98,934,712
=====				
+ Commencement of operations.				
* Includes undistributed/(overdistributed) net investment income of	\$ 41,822	\$ 6,300	\$ --	\$ --

<CAPTION>

	THE GUARDIAN TAX-EXEMPT FUND		THE GUARDIAN CASH MANAGEMENT FUND	
	SIX MONTHS ENDED JUNE 30, 1998	YEAR ENDED DECEMBER 31, 1997	SIX MONTHS ENDED JUNE 30, 1998	YEAR ENDED DECEMBER 31, 1997

	(UNAUDITED)	(AUDITED)	(UNAUDITED)	(AUDITED)
<S>	<C>	<C>	<C>	<C>
INCREASE/(DECREASE) IN NET ASSETS				
FROM OPERATIONS:				
Net investment income/(loss)	\$ 1,043,675	\$ 1,910,755	\$ 3,708,021	\$ 5,275,865
Net realized gain/(loss) on investments and foreign currency related transactions	496,817	784,253	--	--
Net change in unrealized appreciation/(depreciation) of investments and foreign currency related transactions	(429,870)	954,910	--	--
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	1,110,622	3,649,918	3,708,021	5,275,865
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income				
Class A	(1,043,675)	(1,910,755)	(3,565,961)	(5,094,586)
Class B	--	--	(142,060)	(181,279)
Distribution in excess of net investment income				
Class A	--	--	--	--
Net realized gain on investments and foreign currency related transactions				
Class A	--	--	--	--
Class B	--	--	--	--
TOTAL DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS	(1,043,675)	(1,910,755)	(3,708,021)	(5,275,865)
FROM CAPITAL SHARE TRANSACTIONS:				
Net increase/(decrease) in net assets from capital share transactions-- Note 9	1,043,071	6,435,964	41,596,541	47,587,885
NET INCREASE/(DECREASE) IN NET ASSETS	1,110,018	8,175,127	41,596,541	47,587,885
NET ASSETS:				
Beginning of period	47,360,315	39,185,188	138,387,686	90,799,801
End of period*	\$48,470,333	\$47,360,315	\$179,984,227	\$138,387,686
+ Commencement of operations.				
* Includes undistributed/(overdistributed) net investment income of	\$ --	\$ --	\$ --	\$ --
See notes to financial statements.				

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</TABLE>

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NOTES TO

FINANCIAL STATEMENTS

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June 30, 1998 (Unaudited)

THE PARK AVENUE PORTFOLIO

- o THE GUARDIAN PARK AVENUE FUND
- o THE GUARDIAN PARK AVENUE SMALL CAP FUND
- o THE GUARDIAN ASSET ALLOCATION FUND
- o THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND
- o THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND
- o THE GUARDIAN INVESTMENT QUALITY BOND FUND
- o THE GUARDIAN TAX-EXEMPT FUND
- o THE GUARDIAN CASH MANAGEMENT FUND

NOTE 1. ORGANIZATION AND ACCOUNTING POLICIES

The Park Avenue Portfolio (the Portfolio) is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), which is organized as a business trust under the laws of the Commonwealth of Massachusetts. The Portfolio consists of ten series, namely: The Guardian Park Avenue Fund (GPAF); The Guardian Park Avenue Small Cap Fund (GPASCF); The Guardian Asset Allocation Fund (GAAF); The Guardian Baillie Gifford International Fund (GBGIF); The Guardian Baillie Gifford Emerging Markets Fund (GBGEMF); The Guardian Investment Quality Bond Fund (GIQBF); The Guardian Tax-Exempt Fund (GTEF); The Guardian Cash Management Fund (GCMF); The Guardian High Yield Bond Fund (GHYBF); and The Guardian Park Avenue

Tax-Efficient Fund (GPATEF). As of June 30, 1998, neither GHYBF nor GPATEF had commenced operations. The series are collectively referred to herein as the "Funds".

On April 2, 1997 each of GPASCF and GBGEMF sold 2,000,000 shares of beneficial interest to The Guardian Life Insurance Company of America for \$20,000,000 each, to facilitate the commencement of operations.

Prior to May 1, 1997, GAAF invested entirely in individual securities. Beginning May 1, 1997, GAAF implemented a gradual conversion to a "fund of funds" arrangement. As a fund of funds, GAAF invests the equity portion of its assets in GPAF, the debt portion of its assets in GIQBF and the cash portion in GCMF.

The Funds offer up to three classes of shares: Class A, Class B and the Institutional Class. Each of the Funds offers Class A shares. All shares existing prior to May 1, 1996 were classified as Class A shares. Class A shares are sold with an initial sales load of up to 4.50% and an administrative fee of up to .25% on an annual basis of the Funds' average daily net assets. As of June 30, 1998, Class B shares are offered by GPAF, GPASCF, GAAF, GBGIF, GBGEMF and GCMF. Class B shares are sold without an initial sales load but are subject to a 12b-1 fee of .75% and an administrative fee of up to .25% on an annual basis of the Funds' average daily net assets, and a contingent deferred sales load (CDSL) of up to 3% imposed on certain redemptions. As of June 30, 1998, Institutional Class shares are offered by GPAF, GPASCF, GAAF, GBGIF, GBGEMF and GIQBF. Institutional Class shares are offered at net

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asset value, without an initial or contingent deferred sales load. As of June 30, 1998, none of the Funds had issued Institutional Class Shares. All classes of shares for each Fund represent interests in the same portfolio of investments, have the same rights and are generally identical in all respects except that each class bears its separate distribution and certain class expenses, and has exclusive voting rights with respect to any matter to which a separate vote of any class is required.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Equity and debt securities listed on domestic or foreign securities exchanges are valued at the last sales price of such exchanges, or if no sale occurred, at the mean of the bid and asked prices. Securities traded in the over-the-counter market are valued using the last sales price, when available. Otherwise, over-the-counter securities are valued at the mean between the bid and asked prices or yield equivalents as obtained from one or more dealers that make a market in the securities.

Certain debt securities may be valued each business day by an independent pricing service (Service) selected pursuant to procedures approved by the Board of Trustees. Debt securities for which quoted bid prices, in the judgment of the Service, are readily available and representative of the bid side of the market, are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other debt securities that are valued by the Service are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions.

Other securities, including securities for which market quotations are not readily available (such as certain mortgage-backed securities and restricted securities) are valued at fair value as determined in good faith by or under the direction of the Funds' Board of Trustees.

Repurchase agreements are carried at cost which approximates market value (see Note 5). Short-term securities held by the Funds are valued on an amortized cost basis which approximates market value but does not take into account unrealized gains and losses. GCMF values its investments based on amortized cost in accordance with Rule 2a-7 under the 1940 Act. Investment transactions are recorded on the date of purchase or sale.

Investing outside of the U.S. may involve certain considerations and risks

not typically associated with domestic investments, including the possibility of political and economic unrest and different levels of governmental supervision and regulation of foreign securities markets.

Security gains or losses are determined on an identified cost basis. Interest income, including amortization of premium and discount, is accrued daily. Dividend income is recorded on the ex-dividend date.

All income, expenses (other than class-specific expenses) and realized and unrealized gains or losses are allocated daily to each class of shares based upon the relative value of shares of each class. Class-specific expenses, which include distribution and service fees and any other items that are specifically attributed to a particular class, are charged directly to such class. For the six months ended June 30, 1998, distribution, administrative and transfer agent fees were the only class-specific expenses.

Foreign Currency Translation

GBGIF, GBGEMF, GPAF and GPASCF are permitted to buy international securities that are not U.S. dollar denominated. GBGIF, GBGEMF, GPAF

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and GPASCF's books and records are maintained in U.S. dollars as follows:

(1) The foreign currency market value of investment securities and other assets and liabilities stated in foreign currencies are translated into U.S. dollars at the current rate of exchange.

(2) Purchases, sales, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. The resulting gains and losses are included in the Statement of Operations.

Realized foreign exchange gains and losses, which result from changes in foreign exchange rates between the date on which a Fund earns dividends and interest or pays foreign withholding taxes or other expenses and the date on which U.S. dollar equivalent amounts are actually received or paid, are included in net realized gain or loss on foreign currencies. Realized foreign exchange gains and losses which result from changes in foreign exchange rates between the trade and settlement dates on security and currency transactions are also included in net realized gain on foreign currencies. Net currency gains and losses from valuing investments and other assets and liabilities denominated in foreign currency as of June 30, 1998 are reflected in net change in unrealized appreciation or depreciation from translation of assets and liabilities in foreign currencies based on the applicable exchange rate in effect at the end of period.

Forward Foreign Currency Contracts

GBGIF, GBGEMF, GPAF and GPASCF may enter into forward foreign currency contracts in connection with planned purchases or sales of securities, or to hedge against changes in currency exchange rates affecting the values of its investments that are denominated in a particular currency. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward exchange rate. Fluctuations in the value of forward foreign currency contracts are recorded for book purposes as unrealized gains or losses from translation of other assets and liabilities denominated in foreign currencies by the Fund. When a forward contract is closed, the Fund will record a realized gain or loss equal to the difference between the value of the forward contract at the time it was opened and the value at the time it was closed. Such amount is recorded in net realized gain or loss on foreign currencies. The Funds will not enter into a forward foreign currency contract if such contract would obligate the applicable Fund to deliver an amount of foreign currency in excess of the value of its portfolio securities or other assets denominated in that currency.

Futures Contracts

Certain Funds may enter into financial futures contracts for the delayed delivery of securities, currency or contracts based on financial indices at a fixed price on a future date. In entering such contracts, the Funds are required to deposit either in cash or securities an amount equal to a certain percentage of the contract amount. Subsequent payments are made or received by the Funds each day, depending on the daily fluctuations in the value of the underlying security, and are recorded for financial statement purposes as unrealized gains or losses by the Funds. The Funds' investments in financial futures contracts are designed to hedge against anticipated future changes in interest or exchange rates or securities prices (or for non-hedging purposes). Should interest or exchange rates or securities prices move unexpectedly, the Funds may not achieve

the anticipated benefits of the financial futures contracts and may realize a loss.

Dividends and Distributions to Shareholders

Dividends from net investment income are declared and accrued daily and are paid monthly for GIQBF and GTEF, and declared and paid semi-annually for GPAF, GPASCF, GAAF, GBGIF and GBGEMF. Net realized short-term and long-term capital gains for these Funds will be distributed at least annually. Dividends from GCMF's net investment income, which includes any net realized capital gains or losses, are declared and accrued daily and paid monthly on the last business day of each month.

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All dividends or distributions to the shareholders are recorded on the ex-dividend date. Such distributions are determined in accordance with federal income tax regulations. Differences between the recognition of income on an income tax basis and recognition of income based on generally accepted accounting principles may cause temporary overdistributions of net realized gains and net investment income.

Federal Income Taxes

Each Fund qualifies and intends to remain qualified to be taxed as a "regulated investment company" under the provisions of the Internal Revenue Code (Code), and as such will not be subject to federal income tax on taxable income (including any realized capital gains) which is distributed in accordance with the provisions of the Code. Therefore, no federal income tax provision is required.

Reclassification of Capital Accounts

The treatment for financial statement purposes of distributions made during the year from net investment income and net realized gains may differ from their ultimate treatment for federal income tax purposes. These differences primarily are caused by differences in the timing of the recognition of certain components of income or capital gain; and the recharacterization of foreign exchange gains or losses to either ordinary income or realized capital gains for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations, or net asset value per share of the Fund.

NOTE 2. INVESTMENT ADVISORY AGREEMENTS AND PAYMENTS TO RELATED PARTIES

Guardian Investor Services Corporation (GISC) provides investment advisory services to each of the Funds (except GBGIF and GBGEMF) under an investment advisory agreement. Fees for investment advisory services are established under the terms of separate fee appendices to the agreement at an annual rate of .50% of the average daily net assets of each Fund, except for GAAF, which is subject to a contractual annual fee of .65% of its average daily net assets, and GPASCF, which pays GISC at an annual rate of .75% of its average daily net assets. GISC has agreed to a waiver of .15% of GAAF's annual advisory fee when GAAF is operated as a "fund of funds", so that GAAF's effective advisory fee is .50% of its average daily net assets. Although GHYBF and GPATEF have not commenced operations as of June 30, 1998, each has agreed to an appendix to the agreement pursuant to which GISC will be paid at an annual rate of .60% of each Fund's average daily net assets when operations commence. GISC voluntarily assumes a portion of the operating expenses that exceeds .75% of GIQBF and GTEF's respective average daily net assets and operating expenses that exceed .85% of GCMF's average daily net assets. For the six months ended June 30, 1998, GISC voluntarily assumed \$127,891, \$67,725 and \$201,362 of the ordinary operating expenses of GIQBF, GTEF and GCMF, respectively.

The Portfolio, on behalf of GBGIF and GBGEMF, has an investment management agreement with Guardian Baillie Gifford Limited (GBG), a Scottish corporation formed through a joint venture between The Guardian Insurance & Annuity Company, Inc. (GIAC) and Baillie Gifford Overseas Limited (BG Overseas). GBG is responsible for the overall investment management of GBGIF and GBGEMF's portfolio, subject to the supervision of the Portfolio's Board of Trustees. GBG has entered into a sub-investment management agreement with BG Overseas pursuant to which BG Overseas is responsible for the day-to-day management of GBGIF and GBGEMF. GBG continually monitors and evaluates the performance of BG Overseas. As compensation for its services, GBGIF and GBGEMF pay GBG annual investment management fees of .80% and 1.00%, respectively, of their respective average daily net assets. One half of the fee for each of those Funds is payable by GBG

to BG Overseas for its services. Payment of the sub-investment management fee does

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not represent a separate or additional expense to GBGIF or GBGEMF.

Trustees who are not deemed to be "interested persons" (as defined in the 1940 Act) are paid \$500 per Fund for each meeting of the Board of Trustees. An annual fee of \$1,000 per Fund was also paid to each such Trustee during such period. GISC pays compensation to the Trustees who are interested persons. Certain officers and Trustees of the Funds are affiliated with GISC.

Dividend income in GAAF includes \$930,121 of dividends received from other Guardian mutual funds.

Administrative Services Agreement

Pursuant to the Administrative Services Agreement adopted by the Funds on behalf of the Class A and Class B shares, each of the Funds, except GPAF, pays GISC an administrative service fee at an annual rate of .25% of its average daily net assets. GPAF pays this fee at an annual rate of .25% of the average daily net assets for which a "dealer of record" has been designated. For the six months ended June 30, 1998, GPAF Class A shares paid an annualized rate of .17% of its average daily net assets under the Administrative Services Agreement.

NOTE 3. UNDERWRITING AGREEMENT AND DISTRIBUTION PLAN

The Portfolio has entered into an Underwriting Agreement with GISC pursuant to which GISC serves as the principal underwriter for shares of the Funds.

For the six months ended June 30, 1998, aggregate sales commissions for the purchase of capital shares were paid to GISC as compensation for services rendered as follows:

FUND	COMMISSIONS	FUND	COMMISSIONS
----	-----	----	-----
GPAF	\$4,645,433	GBGEMF	\$ 23,286
GPASCF	655,612	GIQBF	148,672
GAAF	481,343	GTEF	16,866
GBGIF	163,312		

Under a Distribution Plan adopted by the Portfolio pursuant to the Rule 12b-1 under the 1940 Act (the "12b-1 Plan"), each Multiple Class Fund is authorized to pay a monthly 12b-1 fee at an annual rate of up to .75% of average daily net assets of the Fund's Class B shares as compensation for distribution-related services provided to the Class B shares of those Funds.

GISC is entitled to retain any CDSL imposed on certain Class B share redemptions. For the six months ended June 30, 1998, such charges were as follows:

FUND	CLASS B
----	-----
GPAF	\$299,380
GPASCF	27,021
GAAF	8,062
GBGIF	5,815
GBGEMF	897
GCMF	9,513

NOTE 4. INVESTMENT TRANSACTIONS

Purchases and proceeds from sales of securities (excluding short-term securities) for the six months ended June 30, 1998 were as follows:

	GPAF	GPASCF
-----	-----	-----
Purchases	\$846,531,416	\$ 60,294,902
Proceeds	581,608,020	27,814,182

	GAAF	GBGIF
-----	-----	-----
Purchases	\$ 34,306,864	\$ 24,896,689

Proceeds	12,785,183	22,464,868
----------	------------	------------

	GBGEMF	GIQBF
Purchases	\$ 7,753,331	\$192,804,978
Proceeds	6,414,270	160,937,036

	GTEF
Purchases	\$ 38,642,939
Proceeds	39,174,858

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The cost of investments owned at June 30, 1998 for federal income tax purposes was the same as the cost for financial reporting purposes for the Funds. The gross unrealized appreciation and depreciation of investments excluding foreign currency at June 30, 1998, were as follows:

	GPAF	GPASCF
Appreciation	\$927,754,001	\$27,319,069
(Depreciation)	(33,032,165)	(6,755,116)
NET UNREALIZED APPRECIATION	\$894,721,836	\$20,563,953

	GAAF	GBGIF
Appreciation	\$ 26,548,420	\$24,167,726
(Depreciation)	(643,476)	(1,990,185)
NET UNREALIZED APPRECIATION	\$ 25,904,944	\$22,177,541

	GBGEMF	GIQBF
Appreciation	\$ 879,756	\$ 1,395,188
(Depreciation)	(4,898,444)	(379,383)
NET UNREALIZED APPRECIATION/ (DEPRECIATION)	\$ (4,018,688)	\$ 1,015,805

	GTEF
Appreciation	\$ 1,164,569
(Depreciation)	(6,781)
NET UNREALIZED APPRECIATION	\$ 1,157,788

Forward foreign currency contracts represent commitments to purchase or sell a specified amount of foreign currency at a future date and at a future price (See Note 1). Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

At June 30, 1998, GBGIF, GBGEMF, GPAF and GPASCF had no open forward foreign currency contracts.

NOTE 5. REPURCHASE AGREEMENTS

The collateral for repurchase agreements is either cash or fully negotiable U.S. government securities. Repurchase agreements are fully collateralized (including the interest earned thereon) and such collateral is marked-to-market daily while the agreements remain in force. If the value of the collateral falls

below the value of the repurchase price plus accrued interest, the applicable Fund will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or the seller defaults, the applicable Fund maintains the right to sell the collateral and may claim any resulting loss against the seller. The Board of Trustees has established standards to evaluate the creditworthiness of broker-dealers and banks which engage in repurchase agreements with each Fund.

NOTE 6. REVERSE REPURCHASE AGREEMENTS

GIQBF may enter into reverse repurchase agreements with banks or third party broker-dealers to borrow short term funds. Interest on the value of reverse repurchase agreements issued and outstanding is based upon competitive market rates at the time of issuance. At the time GIQBF enters into a reverse repurchase agreement, it establishes and maintains cash, U.S. government securities or liquid, unencumbered securities that are marked-to-market daily in a segregated account with the Fund's custodian. The value of such segregated assets must be at least equal to the value of the repurchase obligation (principal plus accrued interest), as applicable. Reverse repurchase agreements involve the risk that the buyer of the securities sold by GIQBF may be unable to deliver the securities when the Fund seeks to repurchase them. Interest paid on reverse repurchase agreements for the six months ended June 30, 1998 amounted to \$74,720.

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Information regarding transactions by GIQBF under reverse repurchase agreements is as follows:

FACE VALUE		MARKET VALUE
-----		-----
\$5,390,225	Reverse Repurchase Agreement with J.P. Morgan, 6.00% dated 6/30/98, to be repurchased at \$5,391,011 on 7/1/98, collateralized by \$5,391,000 Lucent Technologies, Inc., 6.00% due 7/1/98	\$ 5,390,225
	Average amount outstanding during the year	\$ 3,302,657
	Average monthly shares outstanding during the year ..	29,122,803
	Average debt per share outstanding during the year ..	\$ 0.11
	Weighted average interest rate during the year	4.00%

NOTE 7. DOLLAR ROLL TRANSACTIONS

GIQBF may enter into dollar roll transactions with financial institutions to take advantage of opportunities in the mortgage-backed securities market. A dollar roll transaction involves a sale by the Fund of securities that it holds with an agreement by the Fund to repurchase similar securities at an agreed upon price and date. The securities repurchased will bear the same interest as those sold, but generally will be collateralized at the time of delivery by different pools of mortgages.

NOTE 8. DEFERRED ORGANIZATION AND INITIAL OFFERING EXPENSES

GPASCF and GBGEMF incurred \$45,392 and \$26,758, respectively, in connection with their organization and registration. Such expenses were advanced by GISC and were repaid by GPASCF and GBGEMF. Organization and initial offering expenses have been deferred and are being amortized on a straight-line method over a five year period, beginning with the commencement of operations of the Funds.

NOTE 9. SHARES OF BENEFICIAL INTEREST

There is an unlimited number of \$0.01 par value shares of beneficial interest authorized, divided into three classes, designated as Class A, Class B and Institutional Class shares. As of June 30, 1998: (i) GPAF, GPASCF, GAAF, GBGIF and GBGEMF offered all three classes; (ii) GIQBF offered Class A and Institutional Class shares; (iii) GCMF offered Class A and Class B shares; and (iv) GTEF offered Class A shares only.

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<TABLE>

Transactions in shares of beneficial interest were as follows:

<CAPTION>

o THE GUARDIAN PARK AVENUE FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
CLASS A				
Shares sold	11,308,679	17,883,364	\$553,993,879	\$799,066,805
Shares issued in reinvestment of dividends and distributions	1,208,282	4,641,797	61,659,044	208,919,318
Shares repurchased	(6,600,323)	(9,104,998)	(330,412,066)	(403,755,099)
NET INCREASE	5,916,638	13,420,163	\$285,240,857	\$604,231,024
CLASS B				
Shares sold	2,534,441	3,236,995	\$124,247,004	\$143,714,212
Shares issued in reinvestment of dividends and distributions	123,215	359,417	6,266,728	16,167,277
Shares repurchased	(401,677)	(162,809)	(20,083,728)	(7,399,359)
NET INCREASE	2,255,979	3,433,603	\$110,430,004	\$152,482,130

<CAPTION>

o THE GUARDIAN PARK AVENUE SMALL CAP FUND

	Six Months Ended June 30, 1998 (Unaudited)	Period from April 2, 1997+ to December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Period from April 2, 1997+ to December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
CLASS A				
Shares sold	2,830,726	7,627,273	\$ 41,454,928	\$ 94,368,743
Shares issued in reinvestment of dividends and distributions	66,673	74,820	961,416	1,001,090
Shares repurchased	(1,060,296)	(365,908)	(15,599,024)	(5,041,538)
NET INCREASE	1,837,103	7,336,185	\$ 26,817,320	\$ 90,328,295
CLASS B				
Shares sold	669,665	1,358,653	\$ 9,727,329	\$ 17,466,551
Shares issued in reinvestment of dividends and distributions	14,479	13,670	206,569	181,544
Shares repurchased	(128,299)	(37,778)	(1,875,422)	(411,214)
NET INCREASE	555,845	1,334,545	\$ 8,058,476	\$ 17,236,881

+ Commencement of operations.

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</TABLE>

<TABLE>
<CAPTION>

o THE GUARDIAN ASSET ALLOCATION FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
CLASS A				
Shares sold	2,030,079	2,726,033	\$29,826,512	\$40,059,487

Shares issued in reinvestment of dividends and distributions	169,769	1,201,442	2,556,599	16,793,107
Shares repurchased	(741,840)	(988,551)	(10,987,879)	(14,336,286)
NET INCREASE	1,458,008	2,938,924	\$21,395,232	\$42,516,308
CLASS B				
Shares sold	438,210	550,382	\$ 6,434,347	\$ 7,896,309
Shares issued in reinvestment of dividends and distributions	15,734	109,733	236,180	1,525,775
Shares repurchased	(39,731)	(48,496)	(586,786)	(627,912)
NET INCREASE	414,213	611,619	\$ 6,083,741	\$ 8,794,172

<CAPTION>

o THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
CLASS A				
Shares sold	768,784	1,128,171	\$13,802,550	\$18,720,231
Shares issued in reinvestment of dividends and distributions	58,391	199,985	1,083,145	3,205,710
Shares repurchased	(467,305)	(946,086)	(7,979,975)	(15,383,791)
NET INCREASE	359,870	382,070	\$ 6,905,720	\$ 6,542,150
CLASS B				
Shares sold	87,888	176,590	\$ 1,571,216	\$ 2,867,170
Shares issued in reinvestment of dividends and distributions	5,954	15,633	108,538	246,383
Shares repurchased	(25,262)	(16,447)	(445,266)	(261,203)
NET INCREASE	68,580	175,776	\$ 1,234,488	\$ 2,852,350

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</TABLE>

<TABLE>
<CAPTION>

o THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND

	Six Months Ended June 30, 1998 (Unaudited)	Period from April 2, 1997+ to December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Period from April 2, 1997+ to December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
CLASS A				
Shares sold	184,893	2,336,844	\$ 1,622,632	\$23,610,122
Shares issued in reinvestment of dividends and distributions	951	8,288	7,010	76,167
Shares repurchased	(49,138)	(56,441)	(432,714)	(627,877)
NET INCREASE	136,706	2,288,691	\$ 1,196,928	\$23,058,412
CLASS B				
Shares sold	20,544	222,415	\$ 178,784	\$ 2,319,202
Shares issued in reinvestment of dividends and distributions	9	--	66	--
Shares repurchased	(16,485)	(6,436)	(136,152)	(67,922)

NET INCREASE	4,068	215,979	\$ 42,698	\$ 2,251,280
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<CAPTION>

o THE GUARDIAN INVESTMENT QUALITY BOND FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
Shares sold	3,478,168	5,848,887	\$34,607,001	\$56,852,114
Shares issued in reinvestment of dividends and distributions	287,014	386,846	2,862,653	3,786,174
Shares repurchased	(490,602)	(1,484,591)	(4,897,545)	(14,416,140)
NET INCREASE	3,274,580	4,751,142	\$32,572,109	\$46,222,148

+ Commencement of operations.

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</TABLE>

<TABLE>
<CAPTION>

o THE GUARDIAN TAX-EXEMPT FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares		Amount	
<S>	<C>	<C>	<C>	<C>
Shares sold	89,430	720,851	\$ 893,231	\$6,983,816
Shares issued in reinvestment of dividends and distributions	102,064	191,773	1,018,150	1,862,173
Shares repurchased	(87,064)	(249,303)	(868,310)	(2,410,025)
NET INCREASE	104,430	663,321	\$1,043,071	\$6,435,964

<CAPTION>

o THE GUARDIAN CASH MANAGEMENT FUND

	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1997 (Audited)
	Shares/@ \$1 per share	
<S>	<C>	<C>
CLASS A		
Shares sold	304,568,185	435,510,421
Shares issued in reinvestment of dividends and distributions	3,411,962	4,841,856
Shares repurchased	(267,668,375)	(396,046,079)
NET INCREASE	40,311,772	44,306,198
CLASS B		
Shares sold	11,091,057	9,032,391
Shares issued in reinvestment of dividends and distributions	123,639	165,039
Shares repurchased	(9,929,927)	(5,915,743)
NET INCREASE	1,284,769	3,281,687

</TABLE>

NOTE 10. LINE OF CREDIT

A \$50,000,000 line of credit available to all of the Funds and other Guardian-related Funds has been established with Morgan Guaranty Trust Company. The rate of interest charged on any borrowing is based upon the prevailing Federal Funds rate at the time of the loan plus .25% calculated on a 360 day basis per annum. For the six months ended June 30, 1998, none of the Funds borrowed against this line of credit.

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[INTENTIONALLY LEFT BLANK]

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<TABLE>

FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF BENEFICIAL INTEREST OUTSTANDING THROUGHOUT THE PERIODS INDICATED:

<CAPTION>

	NET ASSET VALUE, BEGINNING OF PERIOD	NET INVESTMENT INCOME/ (LOSS)	NET REALIZED & UNREALIZED GAIN/ (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY RELATED TRANSACTIONS	INCREASE/ (DECREASE) FROM INVESTMENT OPERATIONS	DIVIDENDS FROM NET INVESTMENT INCOME	DISTRIBUTIONS IN EXCESS OF NET INVESTMENT INCOME
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THE GUARDIAN PARK AVENUE FUND						
CLASS A:						
Six months ended 6/30/98++	\$46.12	\$0.18	\$ 6.18	\$ 6.36	\$ (0.17)	--
Year ended 12/31/97	37.91	0.40	12.61	13.01	(0.39)	--
Year ended 12/31/96	33.97	0.42	8.41	8.83	(0.42)	\$ (0.01)
Year ended 12/31/95	26.89	0.33	8.87	9.20	(0.33)	--
Year ended 12/31/94	28.63	0.31	(0.72)	(0.41)	(0.31)	--
Year ended 12/31/93	25.17	0.50	4.56	5.06	(0.50)	--
Year ended 12/31/92	22.23	0.45	4.05	4.50	(0.44)	--
Year ended 12/31/91	18.26	0.65	5.71	6.36	(0.66)	--
Year ended 12/31/90	21.56	0.68	(3.28)	(2.60)	(0.70)	--
Year ended 12/31/89	20.46	0.92	3.88	4.80	(0.98)	--
Year ended 12/31/88	18.63	0.60	3.23	3.83	(0.55)	--
CLASS B:						
Six months ended 6/30/98++	46.02	(0.03)	6.14	6.11	--	--
Year ended 12/31/97	37.90	0.00	12.54	12.54	(0.01)	--
Period from 5/1/96+ to 12/31/96	36.26	0.05	6.10	6.15	(0.05)	--
THE GUARDIAN PARK AVENUE SMALL CAP FUND						
CLASS A:						
Six months ended 6/30/98++	13.77	(0.02)	0.95	0.93	--	--
Period from 4/2/97+ to 12/31/97	10.00	0.00	3.91	3.91	--	--
CLASS B:						
Six months ended 6/30/98++	13.67	(0.07)	0.94	0.87	--	--
Period from 5/6/97+ to 12/31/97	10.57	(0.04)	3.28	3.24	--	--
THE GUARDIAN ASSET ALLOCATION FUND						
CLASS A:						

Six months ended 6/30/98++	14.05	0.17	1.12	1.29	(0.12)	--
Year ended 12/31/97	12.96	0.34	2.77	3.11	(0.34)	--
Year ended 12/31/96	12.19	0.23	1.96	2.19	(0.23)	--
Year ended 12/31/95	10.23	0.23	2.29	2.52	(0.23)	--
Year ended 12/31/94	10.98	0.28	(0.52)	(0.24)	(0.28)	--
Period from 2/16/93+ to 12/31/93	10.00	0.19	1.02	1.21	(0.18)	--
CLASS B:						
Six months ended 6/30/98++	14.00	0.10	1.13	1.23	(0.07)	--
Year ended 12/31/97	12.92	0.17	2.77	2.94	(0.18)	--
Period from 5/1/96+ to 12/31/96	12.61	0.04	1.50	1.54	(0.04)	--

+ Commencement of operations.
++ Unaudited.

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</TABLE>

<TABLE>
<CAPTION>

	DISTRIBUTIONS FROM NET REALIZED GAIN ON INVESTMENT	NET ASSET VALUE, END OF PERIOD	TOTAL RETURN*
<S>	<C>	<C>	<C>
THE GUARDIAN PARK AVENUE FUND			
CLASS A:			
Six months ended 6/30/98++	\$ (1.00)	\$51.31	13.79%
Year ended 12/31/97	(4.41)	46.12	34.85
Year ended 12/31/96	(4.46)	37.91	26.49
Year ended 12/31/95	(1.79)	33.97	34.28
Year ended 12/31/94	(1.02)	26.89	(1.44)
Year ended 12/31/93	(1.10)	28.63	20.28
Year ended 12/31/92	(1.12)	25.17	20.48
Year ended 12/31/91	(1.73)	22.23	35.16
Year ended 12/31/90	--	18.26	(12.21)
Year ended 12/31/89	(2.72)	21.56	23.66
Year ended 12/31/88	(1.45)	20.46	20.78
CLASS B:			
Six months ended 6/30/98++	(1.00)	51.13	13.28
Year ended 12/31/97	(4.41)	46.02	33.53
Period from 5/1/96+ to 12/31/96	(4.46)	37.90	17.35
THE GUARDIAN PARK AVENUE SMALL CAP FUND			
CLASS A:			
Six months ended 6/30/98++	(0.11)	14.59	6.75
Period from 4/2/97+ to 12/31/97	(0.14)	13.77	39.16
CLASS B:			
Six months ended 6/30/98++	(0.11)	14.43	6.36
Period from 5/6/97+ to 12/31/97	(0.14)	13.67	30.47
THE GUARDIAN ASSET ALLOCATION FUND			
CLASS A:			
Six months ended 6/30/98++	(0.11)	15.11	9.24
Year ended 12/31/97	(1.68)	14.05	24.44
Year ended 12/31/96	(1.19)	12.96	18.74
Year ended 12/31/95	(0.33)	12.19	24.51
Year ended 12/31/94	(0.23)	10.23	(2.13)
Period from 2/16/93+ to 12/31/93	(0.05)	10.98	12.16
CLASS B:			
Six months ended 6/30/98++	(0.11)	15.05	8.77
Year ended 12/31/97	(1.68)	14.00	23.09
Period from 5/1/96+ to 12/31/96	(1.19)	12.92	12.07

<CAPTION>

	RATIOS/SUPPLEMENTAL DATA					
	NET ASSETS, END OF PERIOD (000'S OMITTED)	EXPENSES TO AVERAGE NET ASSETS (b)	EXPENSES WAIVED BY GISC	NET INVESTMENT INCOME/(LOSS) TO AVERAGE NET ASSETS	PORTFOLIO TURNOVER RATE	AVERAGE RATE OF COMMISSIONS PAID (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THE GUARDIAN PARK AVENUE FUND						
CLASS A:						
Six months ended 6/30/98++	\$2,876,743	0.79% (a)	--	0.76% (a)	21%	\$0.0507
Year ended 12/31/97	2,312,632	0.79	--	0.95	50	0.0461

Year ended 12/31/96	1,392,186	0.79	--	1.19	81	0.0470
Year ended 12/31/95	972,275	0.81	--	1.07	78	--
Year ended 12/31/94	640,917	0.84	--	1.15	54	--
Year ended 12/31/93	560,193	0.81	--	1.89	46	--
Year ended 12/31/92	335,660	0.68	--	1.94	64	--
Year ended 12/31/91	270,095	0.67	--	2.96	57	--
Year ended 12/31/90	216,457	0.69	--	3.51	47	--
Year ended 12/31/89	228,190	0.70	--	4.01	47	--
Year ended 12/31/88	176,000	0.69	--	2.82	58	--
CLASS B:						
Six months ended 6/30/98++	339,491	1.71 (a)	--	(0.16) (a)	21	0.0507
Year ended 12/31/97	201,746	1.73	--	0.00	50	0.0461
Period from 5/1/96+ to 12/31/96	36,006	1.77 (a)	--	0.04 (a)	81	0.0470
THE GUARDIAN PARK AVENUE SMALL CAP FUND						
CLASS A:						
Six months ended 6/30/98++	133,808	1.32 (a)	--	(0.29) (a)	20	0.0286
Period from 4/2/97+ to 12/31/97	101,016	1.36 (a)	--	0.04 (a)	25	0.0296
CLASS B:						
Six months ended 6/30/98++	27,271	2.15 (a)	--	(1.12) (a)	20	0.0286
Period from 5/6/97+ to 12/31/97	18,248	2.26 (a)	--	(1.01) (a)	25	0.0296
THE GUARDIAN ASSET ALLOCATION FUND						
CLASS A:						
Six months ended 6/30/98++	169,276	0.67 (a)	0.48%	2.42 (a)	10	0.0017
Year ended 12/31/97	136,948	0.95	0.19	2.50	58	0.0133
Year ended 12/31/96	88,190	1.30	--	1.91	122	0.0529
Year ended 12/31/95	70,591	1.25	--	1.98	219	--
Year ended 12/31/94	54,875	1.30	--	2.72	216	--
Period from 2/16/93+ to 12/31/93	50,200	1.29 (a)	--	2.07 (a)	165	--
CLASS B:						
Six months ended 6/30/98++	21,352	1.59 (a)	0.48	1.52 (a)	10	0.0017
Year ended 12/31/97	14,066	2.04	0.19	1.50	58	0.0133
Period from 5/1/96+ to 12/31/96	5,075	2.39 (a)	--	0.70 (a)	122	0.0529

+ Commencement of operations.

++ Unaudited.

* Excludes the effect of sales load.

(a) Annualized.

(b) After expenses waived by GISC.

(c) For fiscal years beginning on or after September 1, 1995, a fund is required to disclose its average commission rate per share for trades on which commissions are charged.

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</TABLE>

<TABLE>

FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF BENEFICIAL INTEREST OUTSTANDING THROUGHOUT THE PERIODS INDICATED:

<CAPTION>

	NET ASSET VALUE, BEGINNING OF PERIOD	NET INVESTMENT INCOME/ (LOSS)	NET REALIZED & UNREALIZED GAIN/ (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY RELATED TRANSACTIONS	INCREASE/ (DECREASE) FROM INVESTMENT OPERATIONS	DIVIDENDS FROM NET INVESTMENT INCOME	DISTRIBUTIONS IN EXCESS OF NET INVESTMENT INCOME
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND						
CLASS A:						
Six months ended 6/30/98++	\$16.08	\$0.06	\$2.96	\$3.02	\$ (0.01)	--
Year ended 12/31/97	15.22	0.02	1.66	1.68	--	\$ (0.16)
Year ended 12/31/96	13.57	0.05	1.89	1.94	(0.05)	(0.05)
Year ended 12/31/95	13.01	0.04	1.40	1.44	(0.04)	(0.23)
Year ended 12/31/94	13.19	0.01	(0.09)	(0.08)	(0.01)	--
Period from 2/16/93+ to 12/31/93	10.00	(0.02)	3.32	3.30	--	--
CLASS B:						
Six months ended 6/30/98++	15.87	(0.01)	2.90	2.89	--	--
Year ended 12/31/97	15.12	(0.11)	1.52	1.41	--	--
Period from 5/1/96+ to 12/31/96	14.71	(0.04)	0.76	0.72	(0.04)	(0.08)
THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND						
CLASS A:						
Six months ended 6/30/98++	9.38	0.02	(1.95)	(1.93)	--	--
Period from 4/2/97+ to 12/31/97	10.00	0.04	(0.63)	(0.59)	(0.03)	--

CLASS B:						
Six months ended 6/30/98++	9.30	(0.07)	(1.92)	(1.99)	--	--
Period from 5/6/97+ to 12/31/97	10.28	(0.09)	(0.89)	(0.98)	--	--
THE GUARDIAN INVESTMENT QUALITY BOND FUND						
CLASS A:						
Six months ended 6/30/98++	9.91	0.27	0.11	0.38	(0.27)	--
Year ended 12/31/97	9.70	0.58	0.21	0.79	(0.58)	--
Year ended 12/31/96	10.00	0.55	(0.30)	0.25	(0.55)	--
Year ended 12/31/95	9.12	0.59	0.88	1.47	(0.59)	--
Year ended 12/31/94	10.04	0.46	(0.90)	(0.44)	(0.46)	--
Period from 2/16/93+ to 12/31/93	10.00	0.37	0.18	0.55	(0.37)	--
THE GUARDIAN TAX EXEMPT FUND						
CLASS A:						
Six months ended 6/30/98++	9.99	0.22	0.01	0.23	(0.22)	--
Year ended 12/31/97	9.61	0.44	0.38	0.82	(0.44)	--
Year ended 12/31/96	9.69	0.42	(0.08)	0.34	(0.42)	--
Year ended 12/31/95	8.86	0.44	0.83	1.27	(0.44)	--
Year ended 12/31/94	10.20	0.40	(1.30)	(0.90)	(0.40)	--
Period from 2/16/93+ to 12/31/93	10.00	0.34	0.40	0.74	(0.34)	--
+ Commencement of operations.						
++ Unaudited.						

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</TABLE>

<TABLE>
<CAPTION>

	DISTRIBUTIONS		
	FROM	NET ASSET	
	NET REALIZED	VALUE,	
	GAIN ON	END OF	TOTAL
	INVESTMENTS	PERIOD	RETURN*

<S>	<C>	<C>	<C>
THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND			
CLASS A:			
Six months ended 6/30/98++	\$ (0.24)	\$18.85	18.79%
Year ended 12/31/97	(0.66)	16.08	11.07
Year ended 12/31/96	(0.19)	15.22	14.33
Year ended 12/31/95	(0.61)	13.57	11.14
Year ended 12/31/94	(0.09)	13.01	(0.55)
Period from 2/16/93+ to 12/31/93	(0.11)	13.19	32.98
CLASS B:			
Six months ended 6/30/98++	(0.24)	18.52	18.24
Year ended 12/31/97	(0.66)	15.87	9.37
Period from 5/1/96+ to 12/31/96	(0.19)	15.12	4.34
THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND			
CLASS A:			
Six months ended 6/30/98++	--	7.45	(20.54)
Period from 4/2/97+ to 12/31/97	--	9.38	(5.86)
CLASS B:			
Six months ended 6/30/98++	--	7.31	(21.40)
Period from 5/6/97+ to 12/31/97	--	9.30	(9.71)
THE GUARDIAN INVESTMENT QUALITY BOND FUND			
CLASS A:			
Six months ended 6/30/98++	--	10.02	3.87
Year ended 12/31/97	--	9.91	8.43
Year ended 12/31/96	--	9.70	2.73
Year ended 12/31/95	--	10.00	16.64
Year ended 12/31/94	(0.02)	9.12	(4.50)
Period from 2/16/93+ to 12/31/93	(0.14)	10.04	4.13
THE GUARDIAN TAX EXEMPT FUND			
CLASS A:			
Six months ended 6/30/98++	--	10.00	2.31
Year ended 12/31/97	--	9.99	8.74
Year ended 12/31/96	--	9.61	3.62
Year ended 12/31/95	--	9.69	14.59
Year ended 12/31/94	(0.04)	8.86	(8.98)
Period from 2/16/93+ to 12/31/93	(0.20)	10.20	5.55

<CAPTION>

RATIOS/SUPPLEMENTAL DATA

	NET ASSETS, END OF PERIOD (000'S OMITTED)	EXPENSES TO AVERAGE NET ASSETS (b)	EXPENSES SUBSIDIZED BY GISC	NET INVESTMENT INCOME/ (LOSS) TO AVERAGE NET ASSETS	PORTFOLIO TURNOVER RATE	AVERAGE RATE OF COMMISSIONS PAID (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THE GUARDIAN BAILLIE GIFFORD INTERNATIONAL FUND						
CLASS A:						
Six months ended 6/30/98++	\$85,298	1.60% (a)	--	0.55% (a)	28%	\$0.0011
Year ended 12/31/97	66,999	1.62	--	0.07	55	0.0235
Year ended 12/31/96	57,593	1.70	--	0.29	39	0.0364
Year ended 12/31/95	44,546	1.74	--	0.19	51	--
Year ended 12/31/94	37,542	1.91	--	0.20	33	--
Period from 2/16/93+ to 12/31/93	20,809	2.35 (a)	--	(0.21) (a)	9	--
CLASS B:						
Six months ended 6/30/98++	8,583	2.74 (a)	--	(0.57) (a)	28	0.0011
Year ended 12/31/97	6,268	2.91	--	(1.46)	55	0.0235
Period from 5/1/96+ to 12/31/96	3,313	3.05 (a)	--	(1.47) (a)	39	0.0364
THE GUARDIAN BAILLIE GIFFORD EMERGING MARKETS FUND						
CLASS A:						
Six months ended 6/30/98++	18,062	2.44 (a)	--	0.55 (a)	31	0.0001
Period from 4/2/97+ to 12/31/97	21,472	2.31 (a)	--	0.61 (a)	36	0.0004
CLASS B:						
Six months ended 6/30/98++	1,610	4.60 (a)	--	(1.61) (a)	31	0.0001
Period from 5/6/97+ to 12/31/97	2,009	4.24 (a)	--	(0.02) (a)	36	0.0004
THE GUARDIAN INVESTMENT QUALITY BOND FUND						
CLASS A:						
Six months ended 6/30/98++	132,823	0.75 (a)	0.24%	5.44 (a)	151	--
Year ended 12/31/97	98,935	0.75	0.29	5.94	313	--
Year ended 12/31/96	50,794	0.75	0.37	5.73	257	--
Year ended 12/31/95	53,706	0.75	0.39	6.11	401	--
Year ended 12/31/94	43,487	1.46	--	4.94	186	--
Period from 2/16/93+ to 12/31/93	23,310	1.42 (a)	--	3.68 (a)	167	--
THE GUARDIAN TAX EXEMPT FUND						
CLASS A:						
Six months ended 6/30/98++	48,470	0.75 (a)	0.29	4.40 (a)	83	--
Year ended 12/31/97	47,360	0.75	0.31	4.51	202	--
Year ended 12/31/96	39,185	0.75	0.60	4.96	240	--
Year ended 12/31/95	17,501	0.75	0.79	4.66	194	--
Year ended 12/31/94	15,967	1.09	0.47	4.26	107	--
Period from 2/16/93+ to 12/31/93	21,135	1.36 (a)	--	3.35 (a)	108	--

+ Commencement of operations.

(a) Annualized.

++ Unaudited.

(b) After expenses subsidized by GISC.

* Excludes the effect of sales load.

(c) For fiscal years beginning on or after September 1, 1995, a fund is required to disclose its average commission rate per share for trades on which commissions are charged.

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</TABLE>

<TABLE>

FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF BENEFICIAL INTEREST OUTSTANDING THROUGHOUT THE PERIODS INDICATED:

	Net Asset Value, Beginning of Period	Net Investment Income/ (Loss)	Dividends from Net Investment Income
<S>	<C>	<C>	<C>
THE GUARDIAN CASH MANAGEMENT FUND			
CLASS A:			
Six months ended 6/30/98++	\$1.000	\$0.024	\$(0.024)
Year ended 12/31/97	1.000	0.047	(0.047)
Year ended 12/31/96	1.000	0.045	(0.045)
Year ended 12/31/95	1.000	0.051	(0.051)

Year ended 12/31/94	1.000	0.034	(0.034)
Year ended 12/31/93	1.000	0.021	(0.021)
Year ended 12/31/92	1.000	0.030	(0.030)
Year ended 12/31/91	1.000	0.053	(0.053)
Year ended 12/31/90	1.000	0.076	(0.076)
Year ended 12/31/89	1.000	0.086	(0.086)
Three months ended 12/31/88	1.000	0.024	(0.024)
Year ended 9/30/88	1.000	0.066	(0.066)
CLASS B:			
Six months ended 6/30/98++	1.000	0.024	(0.024)
Year ended 12/31/97	1.000	0.047	(0.047)
Period from 5/1/96+ to 12/31/96	1.000	0.028	(0.028)

+ Commencement of operations.
++ Unaudited.

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</TABLE>

<TABLE>

Ratios/Supplemental Data						
Net Asset Value, End of Period	Total Return*	Net Assets, End of Period (000's Omitted)	Expenses to Average Net Assets(c)	Expenses Subsidized By GISCS	Net Investment Income/(Loss) to Average Net Assets	
<C>	<C>	<C>	<C>	<C>	<C>	<C>
<S>						
THE GUARDIAN CASH MANAGEMENT FUND						
CLASS A:						
Six months ended 6/30/98++	\$1.000	2.38%	\$172,835	0.85% (a)	0.23% (a)	4.75% (a)
Year ended 12/31/97	1.000	4.81	132,523	0.85	0.28	4.71
Year ended 12/31/96	1.000	4.62	88,217	0.90	0.30	4.62
Year ended 12/31/95	1.000	5.22	69,913	0.85	0.37	5.10
Year ended 12/31/94	1.000	3.48	56,730	0.87	0.50	3.54
Year ended 12/31/93	1.000	2.15	34,731	1.02	0.42	2.13
Year ended 12/31/92	1.000	3.06	37,780	0.70	0.44	3.01
Year ended 12/31/91	1.000	5.70	44,054	0.67	0.35	5.30
Year ended 12/31/90	1.000	7.91	47,153	0.65	0.41	7.57
Year ended 12/31/89	1.000	8.60	33,821	0.65	0.52	8.56
Three months ended 12/31/88	1.000	2.40 (b)	21,961	1.00 (a)	0.38 (a)	7.63 (a)
Year ended 9/30/88	1.000	6.60	20,603	1.00	0.28	6.32
CLASS B:						
Six months ended 6/30/98++	1.000	2.38	7,149	0.85 (a)	1.01 (a)	4.74 (a)
Year ended 12/31/97	1.000	4.81	5,864	0.85	1.10	4.71
Period from 5/1/96+ to 12/31/96	1.000	2.81 (b)	2,583	1.16 (a)	0.59 (a)	4.43 (a)

+ Commencement of operations.
++ Unaudited.

* Excludes the effect of sales load.

(a) Annualized.
(b) Not annualized.
(c) After expenses subsidized by GISCS.

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</TABLE>

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