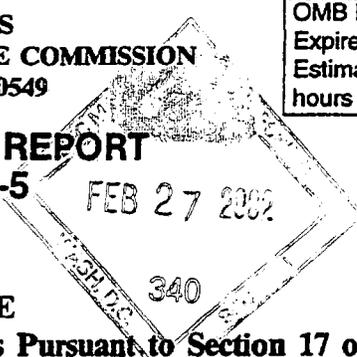


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
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8- 14108

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III



FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
Guardian Investor Services LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
7 Hanover Sq.  
(No. and Street)  
New York, NY 10004  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Frank L. Pepe (212) 598-8445  
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
PriceWaterhouse Coopers LLP  
(Name — if individual, state last, first, middle name)  
1177 Avenue of the Americas New York, NY 10036  
(Address) (City) (State) (Zip Code)

- CHECK ONE:  
 Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

PROCESSED

APR 04 2002

FOR OFFICIAL USE ONLY  
P THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

PS

OATH OR AFFIRMATION

I, Frank L. Pepe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Guardian Investor Services LLC, as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_



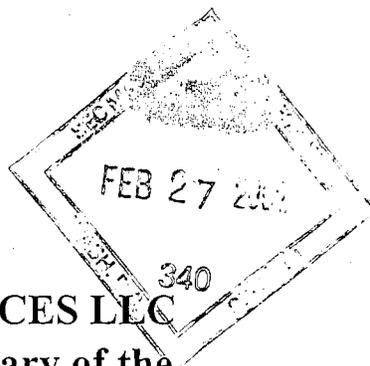
 2/7/2002  
Signature  
Sr. Vice President & Controller  
Title

Notary Public, State Of New York  
No. 31-4761769  
Qualified In New York County  
Commission Expires December 31, 2002

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on Internal Accounting Control
- (p) Statement of Cash Flows

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**GUARDIAN INVESTOR SERVICES LLC**  
**(an indirect wholly owned subsidiary of the**  
**Guardian Life Insurance Company of America)**  
Statement of Financial Condition  
December 31, 2001

PricewaterhouseCoopers LLP  
1177 Avenue of the Americas  
New York NY 10036  
Telephone (646) 471 4000  
Facsimile (646) 471 4100

**Report of Independent Accountants**

To the Board of Directors  
and Member of  
Guardian Investor Services LLC

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Guardian Investor Services LLC at December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 20, 2002

**Guardian Investor Services LLC**  
**(An indirect wholly owned subsidiary of the**  
**Guardian Life Insurance Company of America)**  
**Statement of Financial Condition**  
**December 31, 2001**

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**Assets**

Cash and cash equivalents	\$ 14,660,932
Cash segregated under federal regulations	51,253
Investments, at market value	11,001,970
Receivable from affiliates	4,100,184
Deferred distribution costs, net of accumulated amortization of \$13,794,067	3,126,022
Capitalized software costs, net of accumulated amortization of \$764,131	1,007,703
Other assets	<u>154,042</u>
<b>Total Assets</b>	<b>\$ <u>34,102,106</u></b>

**Liabilities and Member's Equity**

Due to The Guardian Life Insurance Company of America	\$ 8,360,244
Dividend payable	500,000
Income taxes payable	394,740
Other payables and accrued expenses	4,003,136
Deferred taxes	<u>1,190,293</u>
<b>Total Liabilities</b>	<b><u>14,448,413</u></b>
Member's equity	1,700,000
Undistributed Income	<u>17,953,693</u>
<b>Total Member's equity</b>	<b><u>19,653,693</u></b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ <u>34,102,106</u></b>

The accompanying notes are an integral part of this financial statement.

**Guardian Investor Services LLC**  
**(An indirect wholly owned subsidiary of the**  
**Guardian Life Insurance Company of America)**  
**Notes to Financial Statement**  
**December 31, 2001**

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**1. Organization**

Guardian Investor Services LLC ("GIS" or the "Company," formerly known as Guardian Investor Services Corporation) is a wholly owned subsidiary of The Guardian Insurance & Annuity Company, Inc. ("GIAC"), which is ultimately a wholly owned subsidiary of The Guardian Life Insurance Company of America ("Guardian Life"). The Company was incorporated on August 6, 1968 in New York as Guardian Investor Services Corporation but was converted to a limited liability company on December 18, 2001. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

GIS provides investment advisory services to various affiliated diversified open-ended management companies ("mutual funds") sponsored by Guardian Life and GIAC. The Company's business activities include the distribution of shares of The Park Avenue Portfolio, a series fund consisting of ten portfolios.

**2. Significant Accounting Policies**

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 and contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Commissions earned on the distribution of mutual fund shares and related commission expenses are recorded on a trade date basis. Contingent deferred sales charge ("CDSC") income and related amortization of distribution costs are recorded on the trade date of the related mutual fund share redemption.

Deferred distribution costs relate to commissions paid to registered representatives for distribution of Class B shares for certain affiliated funds which have a contingent deferred sales charge. Such costs are deferred and amortized over a six year period on a straight-line basis, adjusted for related CDSC income earned.

Management, distribution and administrative service fees are accrued daily and received monthly.

Investments are valued at market.

Cash and cash equivalents are cash and highly liquid investments with an original maturity of three months or less.

Cash segregated under federal regulations represents funds collected from customers and payable to mutual funds as a result of the sale of mutual fund shares. Such payables are included in other payables and accrued expenses.

**Guardian Investor Services LLC**  
**(An indirect wholly owned subsidiary of the**  
**Guardian Life Insurance Company of America)**  
**Notes to Financial Statement**  
**December 31, 2001**

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**3. Related Party Transactions**

Guardian Life charges the Company for the services of certain employees of Guardian Life engaged in the Company's business and for the Company's use of Guardian Life's centralized services. Under this agreement \$8,360,244 was payable at December 31, 2001.

In accordance with certain provisions of the management agreements with the mutual funds sponsored by Guardian Life and GIAC (the "Agreements"), GIS receives investment advisory fees. Under these agreements \$3,049,774 was receivable at December 31, 2001.

In addition, GIS receives fees in accordance with the provisions of the distribution plans adopted by the mutual funds pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under these plans \$327,111 was receivable at December 31, 2001.

GIS also receives an administrative service fee from the mutual funds for which \$723,298 was receivable at December 31, 2001.

At December 31, 2001, GIS' investments in the mutual funds were as follows:

The Guardian Park Avenue Fund - Class B	\$ 76,021
The Guardian Asset Allocation Fund - Class B	2,499,978
The Guardian Baillie Gifford International Fund - Class B	1,657,211
The Guardian Investment Quality Bond Fund - Class B	1,930,417
The Guardian Park Avenue Small Cap Fund - Class B	2,196,598
The Guardian Baillie Gifford Emerging Market Fund - Class B	1,162,184
The Guardian High Yield Bond Fund - Class B	<u>1,479,561</u>
<b>Total</b>	<u><u>\$ 11,001,970</u></u>

**4. Income Taxes**

The Company is included in the consolidated federal income tax return of Guardian Life. The consolidated income tax liability is allocated among the members of the group according to a tax sharing agreement. In accordance with this tax sharing agreement, each member of the group computes its tax provision and liability on a separate return basis, but may, where applicable, recognize benefits of net operating losses utilizable in the consolidated group. Estimated payments are made between the members of the group during the year. The income tax liability included \$86,551 due to Guardian Life as of December 31, 2001.

**Guardian Investor Services LLC**  
**(An indirect wholly owned subsidiary of the**  
**Guardian Life Insurance Company of America)**  
**Notes to Financial Statement**  
**December 31, 2001**

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The Company's deferred taxes primarily reflect temporary differences related to the deferral of distribution costs on Class B shares and unrealized gains (losses) on investments.

**5. Net Capital**

GIS is subject to the Uniform Net Capital requirements of the Securities and Exchange Commission under Rule 15c3-1, which requires that the Company maintain net capital equal to the greater of \$25,000 or 6 2/3% of aggregate indebtedness. At December 31, 2001, the Company had net capital of \$13,285,256 which was \$12,322,029 in excess of the \$963,227 required to be maintained. The ratio of aggregate indebtedness to net capital was 1.09:1.

**6. Contingencies**

In the normal course of business, the Company has been named a defendant in various civil actions. In the aggregate, it is the opinion of the management of the Company that such litigation and claims will not have a material adverse effect on the Company's financial position.