

NEUBERGER BERMAN INTERMEDIATE MUNICIPAL FUND INC  
Form N-CSRS  
July 08, 2013

As filed with the Securities and Exchange Commission on July 5, 2013

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21168

NEUBERGER BERMAN INTERMEDIATE MUNICIPAL FUND INC.

(Exact Name of the Registrant as Specified in Charter)

c/o Neuberger Berman Management LLC

605 Third Avenue, 2nd Floor

New York, New York 10158-0180

(Address of Principal Executive Offices – Zip Code)

Registrant's telephone number, including area code: (212) 476-8800

Robert Conti, Chief Executive Officer  
Neuberger Berman Intermediate Municipal Fund Inc.  
c/o Neuberger Berman Management LLC  
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(Names and Addresses of agents for service)

Date of fiscal year end: October 31, 2013

Date of reporting period: April 30, 2013

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (“OMB”) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the

burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Report to Stockholders

Neuberger Berman  
Intermediate Municipal Closed-End Funds

Neuberger Berman California Intermediate Municipal Fund Inc.

Neuberger Berman Intermediate Municipal Fund Inc.

Neuberger Berman New York Intermediate Municipal Fund Inc.

Semi-Annual Report

April 30, 2013

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President's Letter

Dear Shareholder,

I am pleased to present this semi-annual report for the Neuberger Berman Intermediate Municipal Closed-End Funds for the six months ended April 30, 2013. The report includes portfolio commentaries, listings of the Funds' investments and their unaudited financial statements for the reporting period.

Each Fund's investment objective is to provide a high level of current income exempt from regular federal income tax and, for each state-specific Fund, a high level of current income exempt from that state's personal income taxes (and, in the case of the New York Fund, New York City personal income tax).

We maintain a conservative investment philosophy and disciplined investment process in pursuit of providing you superior tax-exempt current income over the long term with less volatility and risk.

Thank you for your confidence in the Funds. We will continue to do our best to earn your trust in the years to come.

Sincerely,

ROBERT CONTI  
PRESIDENT AND CEO  
NEUBERGER BERMAN CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC.  
NEUBERGER BERMAN INTERMEDIATE MUNICIPAL FUND INC.  
NEUBERGER BERMAN NEW YORK INTERMEDIATE MUNICIPAL FUND INC.

## Neuberger Berman Intermediate Municipal Closed-End Funds Portfolio Commentaries

For the six months ended April 30, 2013, on a net asset value ("NAV") basis, all three of the Neuberger Berman Intermediate Municipal Closed-End Funds posted positive returns and outperformed their benchmark, the Barclays 10 Year Municipal Bond Index. The California Intermediate Municipal Fund, Intermediate Municipal Fund and New York Intermediate Municipal Fund posted 2.36%, 3.11% and 2.24% total returns, respectively, whereas the benchmark generated a 2.15% return. The use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) was beneficial for performance.

Despite several periods of weakness, the municipal market posted a positive return during the six months ended April 30, 2013. The market initially performed well due to relatively modest supply and robust demand. However, municipal bonds in general experienced a setback in late 2012, due to uncertainties surrounding their tax-favored status amid the fiscal cliff negotiations. The market then rallied in January and February 2013 as no changes were made to the tax-exempt status of municipal bonds. However, as is often the case, the municipal market sold off in March. This was triggered by an increase in supply, coupled with weaker demand as investors sold municipal bonds to meet their tax obligations. The market then ended the period on a positive note, as it generated solid results in April as demand resumed post tax season. Looking at the municipal market more closely, lower-quality securities outperformed their higher-quality counterparts as investors looked to generate incremental yield.

While we maintained long durations for the Funds during the reporting period, we tactically adjusted their positioning. We started the period with a long duration versus the index and then shortened it somewhat in the first quarter of 2013 given expected weakness during tax season. We then extended the Funds' duration post tax season and maintained this position for the remainder of the six-month term. Overall, duration did not meaningfully impact performance. In terms of the Funds' yield curve positioning, we maintained a barbell approach (investing in shorter and longer maturities). In contrast, the Funds' benchmark is concentrated in the eight- to 12-year portion of the curve. Given the strong performance of the intermediate portion of the curve, the Funds' barbell approach detracted from relative results.

The Funds maintained a lower quality bias compared to the benchmark as we sought to generate incremental yield. This was rewarded given the outperformance of lower-quality bonds during the reporting period. In addition, security selection contributed positively to results during the reporting period.

We have a generally positive outlook for the municipal market. The municipal yield curve remains steep from a historical perspective and appears attractively valued versus U.S. Treasuries and other taxable fixed income securities. Furthermore, with unemployment remaining elevated, the Federal Reserve appears to us likely to keep rates at their current ultra-low range for the foreseeable future. Given what we see as their compelling valuations versus other higher-quality fixed income securities, coupled with higher tax rates for upper income households, we anticipate demand for municipal bonds could be solid overall.

That being said, while no changes were made during the tax hike phase of the fiscal cliff negotiations, the tax-favored status of municipal bonds could again be on the table during discussions regarding federal government spending cuts. Against this backdrop, we could see periods of volatility in the municipal market going forward.

Sincerely,

JAMES L. ISELIN AND S. BLAKE MILLER  
PORTFOLIO CO-MANAGERS

The portfolio composition, industries and holdings of the Funds are subject to change.

The opinions expressed are those of the Funds' portfolio managers. The opinions are as of the date of this report and are subject to change without notice.

The value of securities owned by the Funds as well as the market value of Fund shares may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional, national or global political, social or economic instability; regulatory or legislative developments; price and interest rate fluctuations, including those resulting from changes in central bank policies; and changes in investor sentiment.



**TICKER SYMBOLS**

California Intermediate Municipal Fund	NBW
Intermediate Municipal Fund	NBH
New York Intermediate Municipal Fund	NBO

**CALIFORNIA INTERMEDIATE****MUNICIPAL FUND PORTFOLIO****BY STATE AND TERRITORY****(as a % of Total Investments)**

Arizona	0.5%
California	80.9
Florida	0.4
Guam	2.1
Illinois	0.8
Massachusetts	0.7
Nevada	0.8
New Jersey	0.6
North Carolina	0.5
Pennsylvania	1.4
Puerto Rico	9.6
Tennessee	0.4
Texas	1.3
Total	100.0%

**NEW YORK INTERMEDIATE****MUNICIPAL FUND PORTFOLIO****BY STATE AND TERRITORY****(as a % of Total Investments)**

Arizona	0.4%
California	3.1
Guam	2.4
Illinois	0.5
Massachusetts	0.8
Nevada	0.9
New York	82.7
Pennsylvania	1.6
Puerto Rico	6.0
Other	1.6
Total	100.0%

**PERFORMANCE HIGHLIGHTS<sup>1</sup>**

At NAV <sup>2</sup>	Inception Date	Six Month	Average Annual Total Return			
		Period Ended 04/30/2013	1 Year	Ended 04/30/2013		Life of Fund
				5 Years	10 Years	
	09/24/2002	2.36%	6.43%	7.78%	6.35%	6.43%

California Intermediate Municipal Fund						
Intermediate Municipal Fund	09/24/2002	3.11%	8.50%	8.13%	6.62%	6.72%
New York Intermediate Municipal Fund	09/24/2002	2.24%	5.76%	6.73%	5.92%	5.95%
<b>At Market Price<sup>3</sup></b>						
California Intermediate Municipal Fund	09/24/2002	-2.06%	3.27%	9.68%	7.15%	6.03%
Intermediate Municipal Fund	09/24/2002	2.16%	6.83%	10.52%	7.20%	6.45%
New York Intermediate Municipal Fund	09/24/2002	0.24%	5.34%	9.53%	6.51%	5.75%
<b>Index</b>						
Barclays 10 Year Municipal Bond Index <sup>4</sup>		2.15%	5.21%	6.77%	5.42%	5.27%

Closed-end funds, unlike open-end funds, are not continually offered. Generally, there is an initial public offering and, once issued, common shares of closed-end funds are sold in the open market through a stock exchange.

**The performance data quoted represent past performance and do not indicate future results. Current performance may be lower or higher than the performance data quoted. For more current performance data, please visit [www.nb.com](http://www.nb.com).**

**The results shown in the table reflect the reinvestment of income dividends and other distributions, if any.** The results do not reflect the effect of taxes a shareholder would pay on Fund distributions or on the sale of Fund shares.

**The investment return and market price will fluctuate and common shares may trade at prices below NAV. Fund common shares, when sold, may be worth more or less than their original cost.**

Returns would have been lower if Neuberger Berman Management LLC ("Management") had not waived a portion of its investment management fees during the periods shown. Please see Note B in the Notes to Financial Statements for specific information regarding fee waiver arrangements.

## **INTERMEDIATE MUNICIPAL FUND PORTFOLIO BY STATE AND TERRITORY**

**(as a % of Total Investments)**

Alabama	0.8%
Arizona	5.6
California	16.2
Colorado	1.8
District of Columbia	1.7
Florida	3.2
Guam	1.6
Hawaii	1.6
Illinois	8.7
Indiana	3.5
Iowa	2.5
Kentucky	0.0
Louisiana	0.8
Maine	0.5
Maryland	0.5
Massachusetts	4.5
Michigan	1.0
Minnesota	2.0
Mississippi	2.7
Missouri	2.2
Nevada	1.2%
New Hampshire	1.2
New Jersey	3.5
New York	5.9
North Carolina	1.9
Ohio	0.5
Oregon	0.1
Pennsylvania	3.5
Puerto Rico	4.1
Rhode Island	1.8
Tennessee	1.2
Texas	6.3
Utah	1.3
Vermont	0.4
Virginia	0.4
Washington	1.5
West Virginia	0.3
Wisconsin	2.6
Other	0.9
Total	100.0%

Endnotes

- 1** A portion of each Fund's income may be a tax preference item for purposes of the federal alternative minimum tax for certain shareholders.
- 2** Returns based on the NAV of each Fund.
- 3** Returns based on the market price of Fund shares on the NYSE MKT.
- 4** Please see "Description of Index" starting on page 5 for a description of the index.

For more complete information on any of the Neuberger Berman Intermediate Municipal Closed-End Funds, call Management at (800) 877-9700, or visit our website at [www.nb.com](http://www.nb.com).

Description of Index

**Barclays 10 Year Municipal Bond Index:** An unmanaged index that is the 10 year (8-12) component of the Barclays Municipal Bond Index, which is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade, have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

Please note that the index does not take into account any fees and expenses or any tax consequences of investing in individual securities that it tracks and that individuals cannot invest directly in any index. Data about the performance of this index is prepared or obtained by Management and include reinvestment of all income dividends and distributions, if any. The Funds may invest in securities not included in the index and/or may not invest in all securities in the index.



Schedule of Investments California Intermediate Municipal Fund Inc.  
(Unaudited)

PRINCIPAL AMOUNT (000's omitted)	SECURITY	VALUE† (000's omitted)²
<b>Municipal Notes</b>		
<b>(166.1%)</b>		
<b>Arizona (0.8%)</b>		
\$ 750	Verrado Comm. Fac. Dist. Number 1 G.O., Ser. 2003, 6.15%, due 7/15/17	\$ 751
<b>California (134.4%)</b>		
3,600	Abag Fin. Au. for Nonprofit Corp. Rev. (Jewish Home San Francisco), Ser. 2005, (LOC: Wells Fargo Bank N.A.), 0.16%, due 11/15/35	3,600 <sup>μB</sup>
400	Abag Fin. Au. Rev. (San Diego Hosp. Assoc.), Ser. 2003-C, 5.13%, due 3/1/18	415 <sup>B</sup>
1,500		