

NEUBERGER BERMAN INTERMEDIATE MUNICIPAL FUND INC
Form N-CSRS
July 06, 2016

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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 Registrant as specified in charter)

c/o Neuberger Berman Investment Advisers 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 and President

Neuberger Berman Intermediate Municipal Fund Inc.

c/o Neuberger Berman Investment Advisers LLC

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(Names and Addresses of agents for service)

Date of fiscal year end: October 31

Date of reporting period: April 30, 2016

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, as amended ("Act") (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.

Item 1. Report to Stockholders.

Following is a copy of the semi-annual report transmitted to stockholders pursuant to Rule 30e-1 under the Act.

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, 2016

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President's Letter

Dear Stockholder,

I am pleased to present the semi-annual report for the Neuberger Berman Intermediate Municipal Closed-End Funds for the six months ended April 30, 2016. 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 an effort to provide you with superior tax-exempt current income over the long term with less volatility and risk.

On April 15, 2016, Neuberger Berman New York Intermediate Municipal Fund Inc. announced a decrease in its monthly distribution rate to \$0.048 per share of common stock from the prior monthly distribution rate of \$0.057 per share. On April 15, 2016, Neuberger Berman California Intermediate Municipal Fund Inc. also decreased its monthly distribution rate, decreasing it to \$0.062 per share of common stock from the prior monthly distribution rate of \$0.068 per share. The changes were reflected in the Funds' May 16, 2016 distribution. The Funds' decreases in distribution rates were the result of numerous factors, including the general decline in yields available in the municipal market and the resulting impact on the Funds' levels of earnings.

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, 2016, 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. California Intermediate Municipal Fund, Intermediate Municipal Fund and New York Intermediate Municipal Fund posted 5.99%, 6.01% and 5.55% total returns for the period, respectively, whereas the benchmark generated a 3.94% return. (Fund performance on a market basis is provided in the table immediately following this letter.) The Funds' use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) contributed to the performance of each Fund given the positive return for the municipal market during the reporting period.

The municipal bond market posted a positive return and outperformed the overall taxable bond market during the six-month reporting period. Supporting the municipal bond market were generally solid fundamentals and the continued resiliency of the U.S. economy, which aided tax revenues. The municipal bond market was also the beneficiary of declining long-term Treasury yields and indications from the U.S. Federal Reserve (Fed) that it expected to take a less aggressive approach in terms of interest rate hikes in 2016. All told, the Barclays Municipal Bond Index gained 3.55% for the six months ended April 30, 2016. In contrast, the overall taxable bond market, as measured by the Barclays U.S. Aggregate Bond Index, returned 2.82%.

Given the steepness of the municipal yield curve and our aim to generate incremental income, we maintained a long duration for each of the Funds. This benefited performance as interest rates generally declined during the reporting period. In terms of the Funds' municipal 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. Municipal yield curve positioning was negative for results as the intermediate portion of the municipal yield curve underperformed its shorter- and longer-term counterparts.

The Funds maintained a lower quality relative to that of the benchmark in an attempt to generate additional yield. This was additive for results given the outperformance of lower quality bonds during the reporting period. From a sector perspective, overweights to revenue bonds added to results as they largely outperformed general obligation bonds.

A number of changes were made to the Funds' portfolios during the reporting period. In particular, we increased our allocation to lower rated securities in an attempt to boost the Funds' yield.

Looking ahead, we maintain an overall positive outlook for the municipal bond market. While growth in many parts of the world has moderated, the U.S. economy has been relatively resilient. We believe this backdrop should be supportive for municipal tax revenues going forward. In addition, demand for municipal securities has been solid. In our view, the municipal bond market should continue to benefit from generally attractive valuations relative to other high-quality fixed income alternatives, especially on a tax-adjusted basis. In such an environment, we could see some further flattening of the municipal yield curve, with short-term interest rates rising more than long-term rates. In terms of the Fed, we believe it will take a very measured approach to raising interest rates as the year progresses. Despite these positives, periods of volatility could persist driven by headlines surrounding the Puerto Rico debt crisis and other one-off credit events.

Sincerely,

James L. Iselin and S. Blake Miller
Portfolio Co-Managers

The portfolio composition, industries and holdings of each Fund are subject to change without notice.

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 shares of a Fund's common stock, 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.

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TICKER SYMBOLS

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

**CALIFORNIA INTERMEDIATE
 MUNICIPAL FUND INC. PORTFOLIO
 BY STATE AND TERRITORY**

(as a % of Total Investments*)

American Samoa	0.4%
California	84.9
Florida	0.8
Georgia	0.4
Guam	1.6
Illinois	1.4
Louisiana	0.4
Nevada	0.8
New Jersey	0.6
North Carolina	0.6
Ohio	0.7
Pennsylvania	1.6
Puerto Rico	4.5
Tennessee	0.4
Texas	0.2
Virgin Islands	0.6
Other	0.1
Total	100.0%

* Derivatives, if any, are excluded from this chart.

**NEW YORK INTERMEDIATE
 MUNICIPAL FUND INC. PORTFOLIO
 BY STATE AND TERRITORY**

(as a % of Total Investments*)

American Samoa	0.4%
California	3.7
Georgia	0.4
Guam	2.0
Illinois	1.0
Louisiana	0.5
Nevada	1.0
New York	83.6
Ohio	0.4
Pennsylvania	2.0
Puerto Rico	2.6
Texas	0.3
Virgin Islands	0.7
Other	1.4

Total **100.0%**

* Derivatives, if any, are excluded from this chart.

PERFORMANCE HIGHLIGHTS¹

	Inception Date	Average Annual Total Return				
		Six Month Period Ended 04/30/2016	1 Year Ended 04/30/2016	5 Years	10 Years	Life of Fund
At NAV²						
California Intermediate Municipal Fund Inc.	09/24/2002	5.99%	8.25%	7.31%	6.39%	6.26%
Intermediate Municipal Fund Inc.	09/24/2002	6.01%	7.66%	8.71%	6.90%	6.69%
New York Intermediate Municipal Fund Inc.	09/24/2002	5.55%	7.41%	6.26%	5.79%	5.75%
At Market Price³						
California Intermediate Municipal Fund Inc.	09/24/2002	8.60%	4.16%	9.12%	7.36%	6.09%
Intermediate Municipal Fund Inc.	09/24/2002	10.25%	12.79%	8.92%	8.11%	6.48%
New York Intermediate Municipal Fund Inc.	09/24/2002	7.97%	6.63%	7.23%	5.92%	5.27%
Index						
Barclays 10 Year Municipal Bond Index ⁴		3.94%	5.89%	5.51%	5.51%	4.91%

Closed-end funds, unlike open-end funds, are not continually offered. Generally, there is an initial public offering and, once issued, shares of common stock of closed-end funds are sold in the secondary market on 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/cef-performance.

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 stockholder would pay on Fund distributions or on the sale of shares of a Fund's common stock.

The investment return and market price will fluctuate and shares of a Fund's common stock may trade at prices above or below NAV. Shares of a Fund's common stock, when sold, may be worth more or less than their original cost.

Returns would have been lower if Neuberger Berman Investment Advisers LLC ("Management") had not waived a portion of its investment management fees during certain of the periods shown. Please see the Notes to Financial Highlights for additional information regarding fee waivers.

INTERMEDIATE MUNICIPAL FUND INC. PORTFOLIO BY STATE AND TERRITORY

(as a % of Total Investments*)

Alabama	0.6%	New Hampshire	0.3%
American Samoa	0.4	New Jersey	3.4
Arizona	4.1	New Mexico	0.3
California	19.9	New York	7.5
Colorado	2.4	North Carolina	2.3

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Connecticut	0.2	Ohio	0.9
District of Columbia	2.0	Oklahoma	0.2
Florida	3.4	Oregon	0.1
Georgia	0.2	Pennsylvania	5.4
Guam	1.1	Puerto Rico	0.4
Hawaii	1.7	Rhode Island	0.6
Illinois	10.5	South Carolina	0.5
Indiana	2.3	Tennessee	1.1
Iowa	1.8	Texas	4.1
Kentucky	0.0	Utah	1.3
Louisiana	1.0	Vermont	2.0
Maine	0.5	Virginia	0.2
Maryland	0.5	Washington	2.4
Massachusetts	4.2	West Virginia	0.2
Michigan	1.8	Wisconsin	3.3
Minnesota	1.0	Tax Exempt Preferred	0.4
Mississippi	0.8	Other	0.1
Missouri	0.8	Total	100.0%
Nevada	1.8		

* Derivatives, if any, are excluded from this chart.

I **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 stockholders.
- 2** Returns based on the NAV of each Fund.
- 3** Returns based on the market price of shares of each Fund's common stock on the NYSE MKT.
- 4** Please see "Description of Index" 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 Neuberger Berman Investment Advisers LLC at (800) 877-9700, or visit our website at www.nb.com.

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Description of Index

Barclays 10-Year Municipal Bond Index:

The index is the 10-year (8-12 years to maturity) component of the Barclays Municipal Bond Index. The Barclays Municipal Bond Index measures the investment grade, U.S. dollar-denominated, long-term, tax-exempt bond market and has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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

Schedule of Investments California Intermediate Municipal Fund Inc.
(Unaudited) 4/30/16

PRINCIPAL AMOUNT

VALU

(000's omitted)

(000's o

Municipal Notes (165.4%)

American Samoa (0.7%)

\$ 600	American Samoa Econ. Dev. Au. Gen. Rev. Ref., Ser. 2015-A, 6.25%, due 9/1/29	\$ 6
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California (140.5%)

1,000	Bay Area Toll Au. Toll Bridge Rev., Ser. 2013-S-4, 5.00%, due 4/1/27	1,2
1,500	Bay Area Toll Au. Toll Bridge Rev. (San Francisco Bay Area), Ser. 2012, 5.00%, due 4/1/21	1,7
250	California Ed. Facs. Au. Ref. Rev. (Univ. of Redlands), Ser. 2016-A, 5.00%, due 10/1/28	3
260	California Ed. Facs. Au. Ref. Rev. (Univ. of Redlands), Ser. 2016-A, 3.00%, due 10/1/29	2
400	California Ed. Facs. Au. Ref. Rev. (Univ. of Redlands), Ser. 2016-A, 3.00%, due 10/1/30	4
2,000	California HFA Home Mtge. Rev., Ser. 2006-E, (FGIC Insured), 4.88%, due 2/1/17	2,0
1,000	California HFA Home Mtge. Rev., Ser. 2006-E, (FGIC Insured), 4.95%, due 8/1/26	1,0
30	California HFA Home Mtge. Rev., Ser. 2007-E, 5.00%, due 2/1/42	
1,000	California Hlth. Facs. Fin. Au. Rev. (Children's Hosp. Los Angeles), Ser. 2012-A, 5.00%, due 11/15/26	1,1