

# Neuberger Municipal Fund Inc.\*

Ticker: NBH

## Fund Highlights

### Description

- Neuberger Municipal Fund Inc. ("NBH" or the "Fund") is a diversified, closed-end management investment company that invests primarily in municipal securities.
- The Fund utilizes leverage through the issuance of preferred stock.

### Investment Philosophy

- The Fund's investment objective is to provide a high level of current income exempt from federal income tax.
- We strive to construct a portfolio of tax-exempt bonds that can provide an attractive current yield, while generating superior relative returns through complete interest rate cycles.
- We seek to maximize return potential predominantly through rigorous security and sector selection.
- At least 70% of municipal bond investments are rated in the four highest categories by a nationally recognized statistical rating organization or are unrated but judged to be of comparable quality by the portfolio managers.

## Market Data

### Market Price

Current	\$10.15
Last 12 Month Range	\$10.61 - \$9.69

### Net Asset Value

Current	\$11.08
Last 12 Month Range	\$11.65 - \$10.60

### Premium/Discount

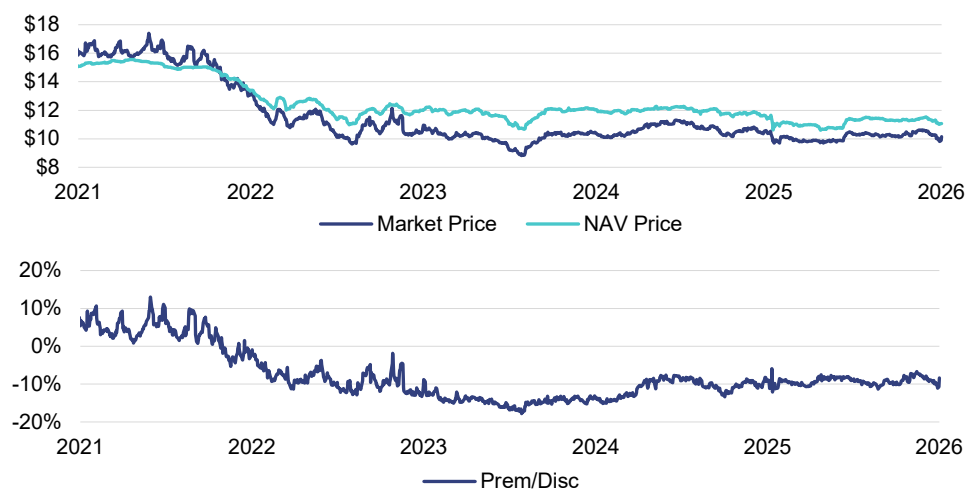
Current	-8.39%
Last 12 Month Range	(5.94)% - (12.09)%
Last 12 Month Average	-9.19%

### Distribution Rate<sup>1</sup>

On Market Price	6.40%
Tax-Equivalent <sup>2</sup>	10.17%

NAV Ticker	XNBHX
CUSIP Number	64124P101
Inception Date	9/24/2002
Listed Exchange	NYSE American

## NBH: Price and Valuation Trends (Last 5 Years)



The Fund's NAV and Market Price will fluctuate with market conditions. Current performance may be higher or lower than the data shown. **Past performance is no guarantee of future results.**

## Capital Structure

Total Assets	\$556.031 M
Common Assets	\$328.131 M
Preferred Assets	\$227.900 M
Leverage (% of total assets)	40.99%

## Leverage Structure

### Variable Rate Municipal Term Preferred Shares

Series	Mandatory-Term Redemption Date	Amount*
Variable Rate Municipal Term Preferred Shares	December 14, 2029	\$227.9 M

While the use of leverage, including Variable Rate Municipal Term Preferred Shares, can result in greater returns in a rising market as well as increased income generation, its use can also generate greater losses in a declining market as well as pressure income levels in an environment of higher borrowing costs.

1. Distribution Rate is annualized and based on monthly distributions. The Fund has adopted a policy to pay common shareholders a stable monthly distribution. In an effort to maintain a stable monthly distribution, the Fund may pay distributions consisting of net investment income, net realized gains and return of capital. There is no assurance that the Fund will always be able to pay distributions of a particular size, or that distributions will consist solely of net investment income and net realized capital gains. In compliance with Section 19 of the Investment Company Act of 1940, as amended, a notice would accompany any distribution that does not consist solely of net investment income. This notice would be for informational purposes, and would disclose, among other things, estimated portions of the distribution, if any, consisting of net investment income, capital gains and return of capital. The actual composition of the Fund's distributions for a calendar year can only be determined after year end and will be reported to Fund shareholders on IRS Form 1099-DIV. The notices for the current calendar year are also available on Neuberger's website at [www.nb.com](http://www.nb.com). For the Fund's distribution payment of \$0.05417 per share, which was paid on April 15, 2026, the distribution consisted of \$0.04507 net investment income and \$0.00910 return of capital. This estimate was based on earnings and portfolio activity as of the record date for the distribution.
2. Tax-equivalent yield is the taxable yield that an investor would have to receive in order to realize the same level of yield, while being subject to federal income taxes at 37% (the highest federal individual income tax rate), assuming that all of the Fund's income is exempt from federal income taxes. The taxable-equivalent yield calculation assumes that an investor does not itemize his or her deductions, including state taxes, on his or her federal return. In addition, the taxable-equivalent yield calculation does not take into account additional Medicare Tax. Each Investor should review the assumed tax rates against his or her actual tax rates based on his or her individual tax situation. Income from this Fund may be subject to the alternative minimum tax for certain investors.

\* Prior to December 18, 2025, the Fund included "Neuberger Berman" in place of "Neuberger" in its name.

**Portfolio Managers****James Iselin**

32 years investment  
experience

**S. Blake Miller**

39 years investment  
experience

**Manager Commentary****Market Overview**

U.S. government yields moved broadly higher across the curve in the first quarter of 2026. The 2-year yield increased by 32 basis points (bps) to 3.80%, while the 5-year yield rose by 21 bps to 3.94%. The 10-year yield climbed by 15 bps to 4.32%, and the 30-year yield edged up by 6 bps to 4.91%. The 10-year TIPS yield moved higher by 7 bps, closing the quarter at 2.00%. The Federal Reserve held its target rate steady at 3.75–3.50% over the period. We believe these shifts reflect ongoing adjustments to expectations regarding inflation, economic growth, and the fiscal outlook.

U.S. economic activity remains resilient, though recent data may point to a softer labor market. Job growth has weakened, the unemployment rate remains a bit higher relative to earlier in the cycle, and wage growth, while still firm, has not fully dissipated. Inflation has stabilized near current levels, and consumer spending continues to grow at a moderate pace. Against this backdrop, markets continue to anticipate additional Fed easing later in 2026 as policymakers balance labor market softening against inflation remaining modestly above target. That said, given the conflict in the Middle East and its implications, markets have scaled back expectations for the number of cuts in 2026.

Investment grade U.S. municipal bonds, as measured by the ICE BofA Municipal Securities Index, delivered a slightly negative return of -0.18% during the first quarter. For the quarter, 1-3 year municipals generated a return of 0.54% and the 3-7 year part of the curve returned -0.17%. Longer maturities, in the 22+ year range, slightly underperformed shorter bonds with a return of -.28%.

Per Bloomberg, total municipal issuance (tax-exempt only) for the quarter was \$138 billion or 11% higher than it was for the same quarter a year earlier. With regard to credit, BBB rated securities slightly outperformed AAA and AA rated bonds during the quarter. Revenue bonds outperformed general obligations during the quarter. Within the revenue bond sector, transportation and housing bonds outperformed while education related credits underperformed.<sup>1</sup>

**Portfolio Performance & Strategy**

During the first quarter, Neuberger Municipal Fund Inc. ("NBH" or the "Fund") generated a total return of 0.04% based on Net Asset Value (NAV) and 1.88% based on Market Price. For the period NBH, based on NAV and Market Price, outperformed the -0.79% return of the Bloomberg 10-Year Municipal Bond Index.

The Fund's use of leverage detracted from NAV performance during the period. It remains essential for investors to be aware that the Fund employs leverage and a closed-end fund's use of leverage may amplify performance trends – both beneficially, as in an advancing market, and negatively, as in a declining market. It is also important for investors to take into account that while the Fund's use of leverage can result in increased income generation, in an environment where leverage (borrowing) costs are rising and/or higher than the yields available from the assets purchased through use of the borrowings, income levels can come under pressure.

During the quarter, NBH's NAV per share decreased by -\$0.17 or -1.51% and its Market Price increased by \$0.03 or 0.30% per share. Given the increase in Market Price, NBH's valuation improved (its discount tightened) by 165 bps over the period and at quarter-end the Fund exhibited a -8.39% discount. For the quarter, the Morningstar US CEF National Municipal category average discount improved by 90 bps.

**Outlook**

We entered this year optimistic about the muni market's prospects. Despite nonstop news flow both domestically and internationally, the market got off to a solid start from a total return standpoint in January and February. All of that changed in March, when the military conflict with Iran began. Historically, when a war or geopolitical crisis starts, you see a flight-to-quality trade, and assets like U.S. Treasuries and high-quality municipal bonds perform well—but not this time. Given the location of the conflict and closure of the Strait of Hormuz, the impact on energy markets was profound.

Initially, the market developed a view that, with a sharp increase in oil prices, inflation would be front and center, and central banks would potentially have to tighten monetary policy. Before the war started, the market had expected the Federal Reserve to deliver 2.5 rate cuts in 2026. Shortly after, the market started pricing in the possibility of a rate hike. As a result, Treasuries sold off and munis, which were already trading at fuller valuations, underperformed in March. For the quarter, the investment grade municipals posted a slightly negative total return.

In our view, the bright side of a fixed income sell-off, however, is often higher yields and the potential for more income going forward. The yields on high-grade 10-year municipals increased by over 50 basis points in March,<sup>1</sup> and they are higher than where they started the year. Municipal valuations relative to Treasuries have also improved. In addition, despite its smooth absorption by the market, supply has been heavy so far in 2026, and we expect that trend to continue. In our view, this combination of higher yields, better valuations and plentiful supply should represent a compelling entry point for the market.

From a positioning perspective, generally, we shifted to a more cautious duration view in the latter part of February, given lower absolute yields and fuller municipal valuations. More recently, we have favored extending portfolios and shifting duration positioning back to neutral. With yields moving higher and supply abundant, we think this is a good time to bring duration a little "closer to home." All things equal, we see significant opportunities to buy quality, given the current level of yields and general tighter spreads (yields over Treasuries) for lower-rated investment-grade bonds. Finally, rates volatility may provide opportunities to execute tax-loss swaps; we will look to be proactive on that front when it makes economic sense.

<sup>1</sup> Source: Bloomberg.

**NEUBERGER MUNICIPAL FUND INC.**

**Portfolio Characteristics**

**Fund Metrics**

Common Shares (03/31/26)	29,618,059
Number of Holdings (03/31/26)	276
Average Daily Volume (Trailing 12 months)	97,661

**Interest Rate Sensitivity**

Weighted Average Maturity	20.29
Option-Adjusted Duration	8.05
Option-Adjusted Duration (Leverage Adjusted)	13.64

**Income Metrics**

Average Coupon	4.80
Average Yield to Worst	4.74
Undistributed Net Investment Income (UNII p/s)	(\$0.1065)
3 Month Avg. Earnings/Current Dist Coverage Ratio	91.81%
Percent of AMT Bonds	24.72%

**Weighted Average Maturity (WAM)** is the weighted average length of time until the average security in a portfolio will mature or be redeemed. It indicates a portfolio's sensitivity to interest rate changes. A portfolio with a longer WAM implies greater volatility in a changing interest rate environment.

**Option-Adjusted Duration** utilizes a bond's yield, coupon, final maturity and call features to generate a single number that indicates how sensitive a bond price or portfolio is to changes in interest rates.

**Coupon** is the interest rate that is to be paid over the life of a debt security, it is usually expressed as a percentage of face value. Issuers typically make payments to bondholders semiannually.

**Yield to Worst (YTW)** is the lowest yield an investor can expect to earn when investing in a callable bond; and, can be computed by using the lower of either the yield to maturity or the yield to call on every possible call date.

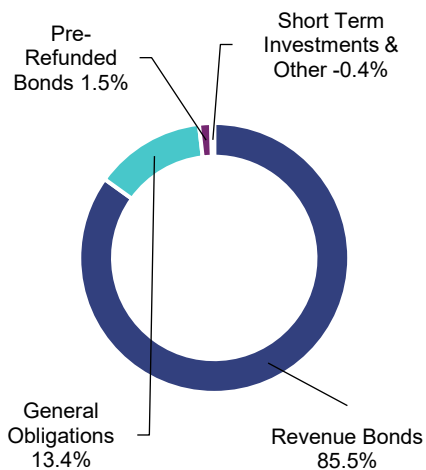
**Financial Highlights** (as of Annual Shareholder Report – October 31, 2025)

Portfolio Turnover	35.00%
Total Expense Ratio <sup>1, 2</sup>	3.87%

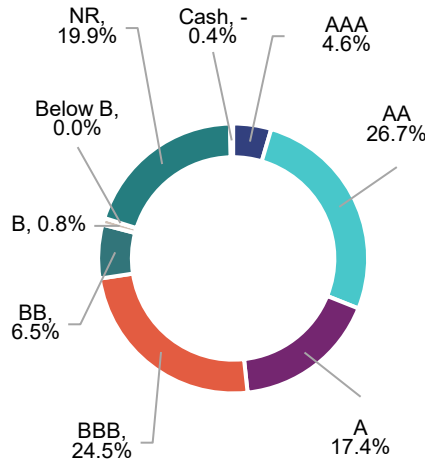
1. The effect of distributions related to Variable Rate Municipal Term Preferred Shares (VMTPS) is included in the Total Expense Ratio.

2. For the period, the annualized ratio of distributions on VMTPS to average net assets applicable to common shareholders was 2.73%.

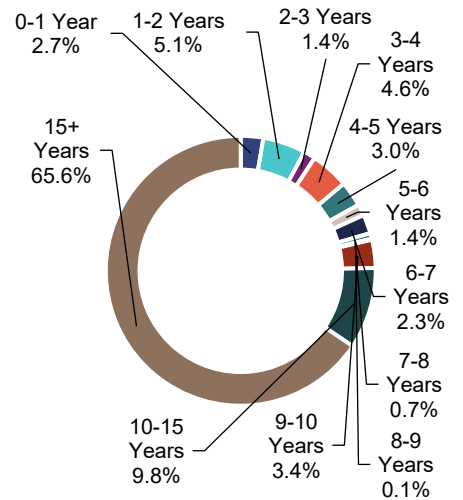
**Portfolio Composition**



**Credit Quality Breakdown<sup>3</sup>**



**Effective Maturity Breakdown**



Duration is the measure of a bond's price sensitivity to interest rates.

**NBH: Performance Common Shares**

As of March 31, 2026

	AVERAGE ANNUAL TOTAL RETURN (%)							
	Monthly	Quarterly	YTD	One Year	Three Years	Five Years	Ten Years	Since Inception 9/24/2002
NAV	-3.14	0.04	0.04	3.38	2.83	-0.79	1.54	4.45
Market Price	-2.91	1.88	1.88	3.99	2.99	-3.53	0.67	3.85
Bloomberg Municipal Bond 10 Year Index	-3.09	-0.79	-0.79	4.81	2.54	1.00	2.26	3.75

All data is as of 03/31/26, unless otherwise noted. Returns for less than one year are not annualized. Performance data quoted represents past performance and does not guarantee future results. Results are shown on a "total return" basis and include reinvestment of all distributions. NAV total return data quoted is net of fees and expenses. The investment return and principal value of an investment will fluctuate so that the shares may be worth more or less than their original cost. The Fund's market price and net asset value will fluctuate with market conditions. Current performance may be lower or higher than the performance data quoted. For more information, please refer to Neuberger's website at [www.nb.com/cef-performance](http://www.nb.com/cef-performance).

The Fund's investment adviser had contractually agreed to limit certain operating expenses of the Fund until 2012. Absent this expense cap, the Fund's return during the relevant periods would have been lower.

**Top Five States**

	TA (%)
New York	20.22%
California	15.12%
Wisconsin	6.75%
Texas	6.73%
Illinois	6.67%

**Top Ten Industries**

OTHER REVENUE	28.08%
TRANSPORTATION	10.46%
HOSPITAL	9.77%
EDUCATION	8.40%
IDR / PCR	8.09%
SPECIAL TAX	6.94%
STATE GO	6.92%
LOCAL GO	6.45%
LEASING	6.21%
HOUSING	5.02%

**Call Structure<sup>5</sup>**

2026	15.43%	2033	12.17%
2027	6.55%	2034	10.99%
2028	9.36%	2035	8.75%
2029	7.66%	2036	1.33%
2030	10.82%		
2031	4.99%		
2032	7.17%		

**Distribution History<sup>4</sup>**

	Ex-Date	Record Date	Payable Date	\$/Share
	3/31/2026	3/31/2026	4/15/2026	0.05417
	2/28/2026	2/27/2026	3/16/2026	0.05417
	1/31/2026	1/30/2026	2/17/2026	0.05417
	12/31/2025	12/31/2025	1/15/2026	0.05417
	11/30/2025	11/28/2025	12/15/2025	0.05417
	10/31/2025	10/31/2025	11/17/2025	0.05417
	9/30/2025	9/30/2025	10/15/2025	0.05417
	8/31/2025	8/29/2025	9/15/2025	0.05417
	7/31/2025	7/31/2025	8/15/2025	0.05417
	6/30/2025	6/30/2025	7/15/2025	0.05417
	5/31/2025	5/30/2025	6/16/2025	0.05417
	4/30/2025	4/30/2025	5/15/2025	0.05417
	3/31/2025	3/31/2025	4/15/2025	0.05417

**Top Ten Holdings<sup>6</sup>**

	TA (%)
Buckeye Ohio Tob Settlement Fi 5.000 06/01/2055	2.82%
Puerto Rico Sales Tax Fing Cor 5.000 07/01/2058	2.20%
Public Fin Auth Wis Toll Rev 5.750 12/31/2065	2.07%
Victor Valley Calif Cmnty Coll 6.875 08/01/2037	1.52%
New York Transn Dev Corp Spl F 5.500 12/31/2060	1.25%
Central Plains Energy Proj Neb 5.000 11/01/2029	1.23%
New York Transn Dev Corp Spl F 5.500 06/30/2054	1.14%
Metropolitan Transn Auth N Y R 4.000 11/15/2049	1.03%
Mobile Cnty Ala Indl Dev Auth 5.000 06/01/2054	0.97%
Louisiana Pub Facs Auth Rev 5.000 09/01/2066	0.84%

Shares of closed end funds frequently trade at a discount of their net asset value in the secondary market and the net asset value of the closed-end shares may decrease. Closed-end funds are subject to various risks, including management's ability to meet the Fund's investment objective and to manage the Fund's portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors' perceptions regarding closed-end funds or their underlying investments change. The investment return and principal value of an investment will fluctuate so that the shares may be worth more or less than their original cost.

A municipal bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. Income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax. In a rising interest rate environment, bond prices generally fall.

The composition, sectors, holdings and other characteristics of the Fund are as of the period shown and are subject to change without notice.

There can be no guarantee that the portfolio managers will be successful in their attempts to manage the risk exposure of the Fund or will appropriately evaluate or weigh the multiple factors involved in investment decisions, including issuer, market and/or instrument-specific analysis, valuation and financially material environmental, social and governance factors.

3. Chart represents the ratings of securities held in the Fund as of 03/31/26 and does not imply any credit rating of the Fund itself. Credit quality ratings are based on the highest rating assigned by Moody's, S&P, and Fitch as follows: 1) If Moody's, S&P and Fitch all provide a credit rating, the rating used is the highest of the three agency ratings; 2) If only two agencies provide ratings, the higher rating is used; 3) If only one agency provides a rating, that agency's rating is used; or 4) If none of the agencies provide ratings, the security is considered not rated. Not Rated (Pre-Refunded or Escrowed to Maturity) securities include all not rated municipal bonds that have been defeased and are now secured by collateral held in escrow. Not Rated (Other) securities include all not rated municipal bonds that have not been pre-refunded or escrowed to maturity. No rating agency has been involved with the calculation of such credit quality and the ratings of underlying portfolio holdings should not be viewed as a rating of the portfolio itself. Portfolio holdings, underlying ratings of holdings and average credit may change materially over time.

4. May include certain distributions that have been declared but not yet paid. Past distributions are not indicative of future distributions.

5. Percentage of bonds in the portfolio that is subject to being called (repurchased) by the issuer in the year indicated.

6. Holdings are as of 03/31/26 and are subject to change without notice. Portfolio holdings are expressed as a percentage and are calculated by taking the market value of each holding and dividing it by the Fund's NAV. This list does not constitute a recommendation to buy, sell or hold a security. It should not be assumed that any investments in securities identified and described were or will be profitable.

This document is for informational purposes only. This report is not a recommendation to buy, sell or hold or a solicitation of an offer to buy or sell any security or adopt any investment strategy. All opinions and views constitute judgments as of the date indicated and are subject to change without notice. The Fund is not sold or distributed by Neuberger Berman BD LLC, member FINRA.