

Neuberger Berman Municipal Fund Inc.

TICKER: NBH

Fund Highlights

Description

- Neuberger Berman 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	\$9.83
Last 12 Month Range	\$11.31 - \$9.70

Net Asset Value

Current	\$10.98
Last 12 Month Range	\$12.27 - \$10.61

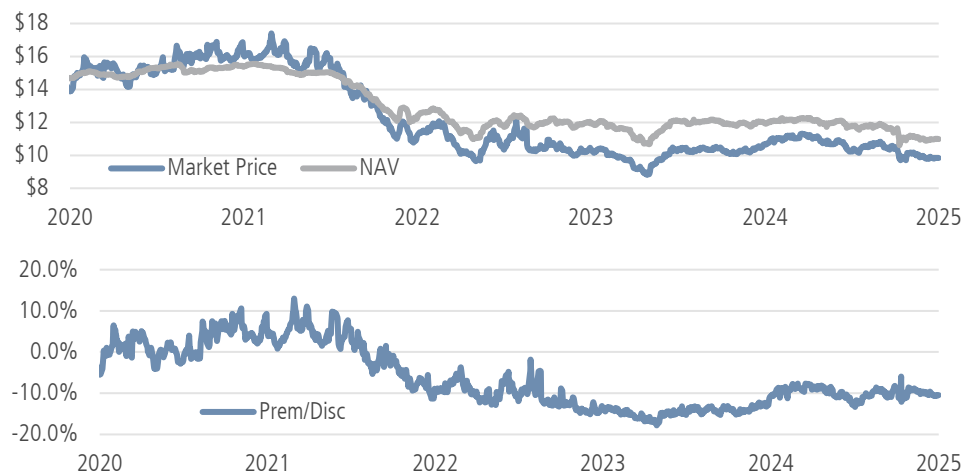
Premium/Discount

Current	-10.47%
Last 12 Month Range	(5.94)% - (13.32)%
Last 12 Month Average	-9.74%

Distribution Rate¹

On Market Price	6.61%
Tax-Equivalent ²	10.50%
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	\$553.087 M
Common Assets	\$325.187 M
Preferred Assets	\$227.900 M
Leverage (% of total assets)	41.21%

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.

- 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 Berman's website at www.nb.com. For the Fund's distribution payment of \$0.05417 per share, which was paid on July 15, 2025, the distribution consisted of \$0.04151 net investment income and \$0.01266 return of capital. This estimate was based on earnings and portfolio activity as of the record date for the distribution.
- 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.

Portfolio Managers

James Iselin
31 years
investment
experience

S. Blake Miller
38 years
investment
experience

Manager Commentary

Market Overview

U.S. government yields were mixed in the second quarter, with yields for shorter maturities declining while longer-term yields increased. The 2-year yield fell by 17 bps to 3.72%, the 5-year yield fell by 15 bps to 3.80%, the 10-year yield increased by 2 bps to 4.23% and the 30-year yield increased by 21 bps to 4.78%. The 10-year Treasury Inflation-Protected Securities (TIPS) yield also increased by 15 bps, closing at 2.00%. These shifts reflect ongoing adjustments to expectations regarding inflation, economic growth and the fiscal outlook.

U.S. economic activity remains relatively resilient but has been showing signs of moderation. Consumer spending has softened and labor markets are holding up but could see slowing in coming months. Inflation remains contained for now. Corporate balance sheets are stable, but ongoing geopolitical risks, slowing economic growth and the outlook for further Fed rate cuts continue to pose uncertainties.

Investment grade U.S. municipal bond performance, as measured by the ICE BofA Municipal Securities Index, delivered a return of -0.13% during the second quarter. For the quarter, 1-3 year munis generated a return of 0.97% and the 3-7 year part of the curve returned 1.38%. Longer maturities, in the 22+ year range, underperformed with a return of -1.84%. The Bloomberg Taxable Municipal Index outperformed tax-exempts with a return of 0.81%.

Per Bloomberg, total municipal issuance (tax-exempt only) for the quarter was \$164.1 billion or 11% higher than it was for the same quarter a year earlier. With regard to credit, BBB rated securities slightly underperformed higher rated securities during the quarter. Revenue bonds modestly underperformed general obligations during the quarter. Within the revenue bond sector, housing bonds outperformed while hospitals underperformed.¹

Portfolio Performance & Strategy

During the second quarter, Neuberger Berman Municipal Fund Inc. ("NBH" or the "Fund") generated a total return of -2.27% based on Net Asset Value (NAV) and -3.92% based on Market Price. For the period NBH, based on NAV, underperformed the 0.78% 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 \$0.44 or -3.85% and its Market Price decreased by \$0.57 or -5.48% per share. Given the weaker Market Price performance, NBH's valuation worsened (its discount expanded) by 154 bps over the period and at quarter-end the Fund exhibited a -10.47% discount. For the quarter, the Morningstar US CEF National Municipal category average discount improved by 273 bps.

Outlook

Early April was challenging for many investors as the "Liberation Day" tariff announcement led to volatility across a broad range of asset classes. The municipal bond market was not spared as tariff concerns as well as technical and seasonal factors combined to push yields sharply higher in a short period. Our initial view that the sell-off was not related to the market "downgrading" its view of municipal credit quality later proved correct. We also believed that, once the dust settled, higher absolute yields and improved valuations would be viewed favorably. Indeed, as Treasuries started to stabilize, investors jumped in to buy munis again.

Despite a brief pause amid tariff-related volatility, municipal supply has continued at a record pace, and it has been impressive to us how smoothly it has been absorbed. From the peak in April, AAA rated municipal yields declined, with intermediate and shorter duration bonds performing the best.

Overall, we continue to believe that the municipal market offers considerable value. Intermediate investment-grade munis ended the quarter yielding 3.29%, for a taxable-equivalent yield of 5.56% (assuming a federal tax rate of 40.8%). When compared to intermediate Treasuries, which were yielding 3.83% at the same time, municipal bonds have an advantage of 173 basis points on a tax-adjusted basis.

¹ Source: Bloomberg.

Portfolio Characteristics

Fund Metrics

Common Shares (06/30/25)	29,618,059
Number of Holdings (06/30/25)	291
Average Daily Volume (Trailing 12 months)	95,200

Interest Rate Sensitivity

Weighted Average Maturity	19.11
Option-Adjusted Duration	8.05
Option-Adjusted Duration (Leverage Adjusted)	13.69

Income Metrics

Average Coupon	4.75
Average Yield to Worst	4.93
Undistributed Net Investment Income (UNII p/s)	(\$0.1796)
3 Month Avg. Earnings/Current Dist Coverage Ratio	75.31%
Percent of AMT Bonds	22.64%

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.

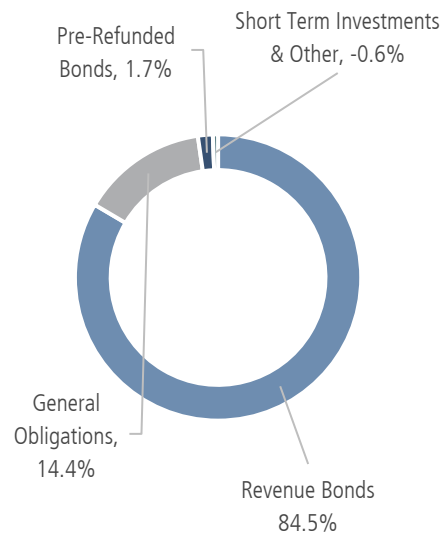
Yield to Worst (YTW) is the lowest yield an investor can expect to earn when investing in a callable bond; and, can be computed by using the lower of either the yield to maturity or the yield to call on every possible call date.

Financial Highlights (as of Semi-Annual Shareholder Report – April 30, 2025)

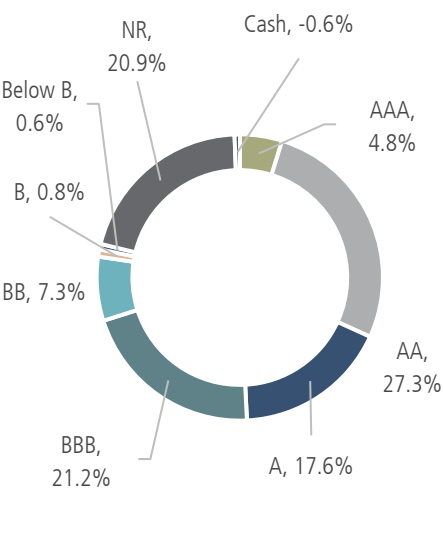
Portfolio Turnover (not annualized)	19.00%
Total Expense Ratio ^{1,2} (annualized)	3.92%

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 2.82%.

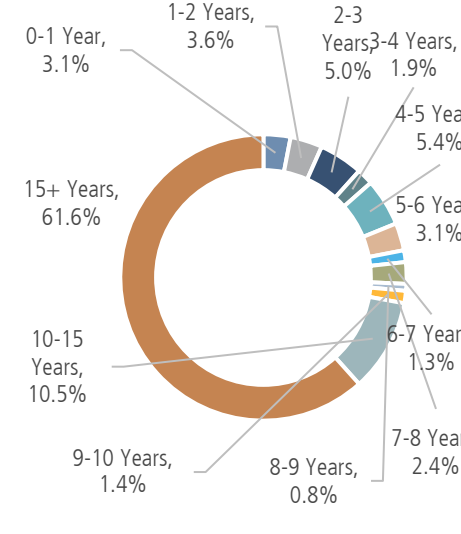
Portfolio Composition



Credit Quality Breakdown³



Effective Maturity Breakdown



Neuberger Berman Municipal Fund Inc.

NBH: Performance Common Shares

As of June 30, 2025

AVERAGE ANNUAL TOTAL RETURN (%)

	Monthly	Quarterly	Six Months	One Year	Three Years	Five Years	Ten Years	Since Inception 9/24/2002
NAV	0.73	-2.27	-3.60	-2.50	1.47	-0.65	1.71	4.34
Market Price	0.14	-3.92	-1.94	-2.09	0.90	-1.73	1.15	3.62
Bloomberg Municipal Bond 10 Year Index	0.87	0.78	1.04	2.32	2.75	0.71	2.42	3.70

All data is as of 06/30/25, 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 Berman's website at www.nb.com/cef-performance.

The 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	20.12%
California	16.29%
Texas	7.00%
Illinois	6.04%
Ohio	5.42%

Top Ten Industries

OTHER REVENUE	27.16%
TRANSPORTATION	9.97%
EDUCATION	8.99%
SPECIAL TAX	8.47%
HOSPITAL	8.22%
IDR / PCR	7.86%
STATE GO	7.79%
LOCAL GO	6.63%
LEASING	6.45%
HOUSING	4.97%

Call Structure⁵

2025	14.12%	2032	7.66%
2026	5.78%	2033	10.91%
2027	6.90%	2034	10.63%
2028	10.58%	2035	3.60%
2029	7.92%		
2030	10.78%		
2031	4.96%		

Distribution History⁴

	Ex-Date	Record Date	Payable Date	\$/Share
6/30/2025	6/30/2025	6/30/2025	7/15/2025	0.05417
5/31/2025	5/30/2025	5/30/2025	6/16/2025	0.05417
4/30/2025	4/30/2025	4/30/2025	5/15/2025	0.05417
3/31/2025	3/31/2025	3/31/2025	4/15/2025	0.05417
2/28/2025	2/28/2025	2/28/2025	3/17/2025	0.05417
1/31/2025	1/31/2025	1/31/2025	2/18/2025	0.05417
12/31/2024	12/31/2024	12/31/2024	1/15/2025	0.05417
11/30/2024	11/29/2024	11/29/2024	12/16/2024	0.05417
10/31/2024	10/31/2024	10/31/2024	11/15/2024	0.05417
9/30/2024	9/30/2024	9/30/2024	10/15/2024	0.05417
8/31/2024	8/30/2024	8/30/2024	9/16/2024	0.05417
7/31/2024	7/31/2024	7/31/2024	8/15/2024	0.05417
6/30/2024	6/28/2024	6/28/2024	7/15/2024	0.03774

Top Ten Holdings⁶

	TA (%)
Puerto Rico Sales Tax Fing Cor 5.000 07/01/2058	4.78%
Buckeye Ohio Tob Settlement Fi 5.000 06/01/2055	4.59%
Victor Valley Calif Cmnty Coll 6.875 08/01/2037	2.51%
New York Transn Dev Corp Spl F 5.500 12/31/2060	1.98%
Central Plains Energy Proj Neb 5.000 11/01/2029	1.95%
New York Transn Dev Corp Spl F 5.500 06/30/2054	1.81%
Metropolitan Transn Auth N Y R 4.000 11/15/2049	1.61%
Mobile Cnty Ala Indl Dev Auth 5.000 06/01/2054	1.56%
Louisiana Pub Facs Auth Rev 5.000 09/01/2066	1.38%
Fort Bend Cnty Tex Pub Fac Cor 5.000 03/01/2053	1.32%

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.

- Chart represents the ratings of securities held in the Fund as of 06/30/25 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.
- May include certain distributions that have been declared but not yet paid. Past distributions are not indicative of future distributions.
- Percentage of bonds in the portfolio that is subject to being called (repurchased) by the issuer in the year indicated.
- Holdings are as of 06/30/25 and are subject to change without notice. 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.