

NEUBERGER BERMAN CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC
Form N-CSRS
July 07, 2014

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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: 811-21167

NEUBERGER BERMAN CALIFORNIA 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 and President

Neuberger Berman California 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

Date of reporting period: April 30, 2014

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 (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

The following are copies of the Semi-Annual Reports transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended.

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, 2014

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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, 2014. 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.

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, 2014, 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 6.39%, 8.35% and 6.01% total returns, respectively, whereas the benchmark generated a 3.68% return. (Fund performance on a market price basis is provided in the table immediately following this letter.) The use of leverage (typically a performance enhancer in up markets and a detractor during market retreats) contributed to performance given the rise in the municipal market during the reporting period.

After a challenging start, the municipal bond market rallied and generated solid results during the six-month period. There were several factors triggering the turnaround in the municipal market, including improving investor demand given attractive valuations. At the same time, new issuance was down significantly during the first four months of 2014. Also supporting the municipal market were improving fundamentals, as tax revenues increased and helped many municipalities shore up their balance sheets. While a number of overhangs remained, including bankruptcy proceedings in Detroit and longer-term credit issues in Puerto Rico, they appeared to move to the back burner as the reporting period progressed.

Based on the continued steepness of the municipal yield curve and our aim to increase income, we maintained long durations for the Intermediate Municipal and New York Intermediate Municipal Funds during the reporting period. Overall, having durations that were longer than the index contributed to performance as longer-term municipal rates declined. In terms of the three 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. Yield curve positioning was also beneficial for performance in the Intermediate Municipal and New York Intermediate Municipal Funds as the municipal yield curve flattened.

The Funds maintained a lower quality bias than that of the benchmark as we sought to generate incremental yield. This was a positive for results overall given the outperformance of lower-quality bonds during the reporting period. However, having a small allocation to Puerto Rico was not rewarded. Despite Puerto Rican bonds rallying thus far in 2014, it was not enough to make up for their weak results during the first two months of the reporting period. Elsewhere, security selection was a major contributor to performance for the California Intermediate Municipal Fund but a minor contributor for the Intermediate Municipal and New York Intermediate Municipal Funds.

Overall, we maintain a positive outlook for the municipal market. From a historical perspective, municipal valuations remain attractive versus their Treasury counterparts. In our view, municipal fundamentals could continue to improve, with tax revenues rising amid a backdrop of continued economic growth. Headline risks have also moderated, in part due to Puerto Rico's successful new offering in March 2014. We are also positive about supply/demand technicals. We anticipate that new municipal supply will be relatively muted as the year progresses, while at the same time we foresee improving investor demand. On the flip side, we are cautious on the direction for Treasury yields. While longer-term yields have declined from their levels at the end of 2013, they could move higher if the economy gains some traction and if the market starts "pricing in" rate hikes by the U.S. Federal Reserve.

Sincerely,

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

The composition, industries and holdings of each Fund 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

PERFORMANCE HIGHLIGHTS¹

	Inception Date	Six Month Period Ended		Average Annual Total Return Ended 04/30/2014			
		04/30/2014		1 Year	5 Years	10 Years	Life of Fund
At NAV ²							
California Intermediate Municipal Fund	09/24/2002	6.39	%	0.14 %	7.72 %	6.05 %	5.88 %
Intermediate Municipal Fund	09/24/2002	8.35	%	1.30 %	8.28 %	6.36 %	6.24 %
New York Intermediate Municipal Fund	09/24/2002	6.01	%	0.06 %	6.85 %	5.49 %	5.43 %
At Market Price ³							
California Intermediate Municipal Fund	09/24/2002	9.39	%	0.97 %	9.78 %	7.51 %	5.58 %
Intermediate Municipal Fund	09/24/2002	9.47	%	-2.69 %	9.65 %	7.36 %	5.63 %
New York Intermediate Municipal Fund	09/24/2002	10.78	%	-3.65 %	7.92 %	6.72 %	4.91 %
Index							
Barclays 10 Year Municipal Bond Index ⁴		3.68	%	0.68 %	5.69 %	5.25 %	4.87 %

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/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 shareholder would pay on Fund distributions or on the sale of Fund common 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 certain of the periods shown. Please see the Financial Highlights for additional information regarding fee waivers.

CALIFORNIA INTERMEDIATE MUNICIPAL FUND PORTFOLIO BY STATE

AND TERRITORY

(as a % of
Total
Investments)
California 85.7%
Florida 0.8
Guam 2.1
Illinois 0.7
Louisiana 0.4
Nevada 0.8
New
Jersey 0.5
North
Carolina 0.5
Pennsylvania 1.5
Puerto
Rico 5.3
Tennessee 0.4
Texas 1.3
Total 100.0%

NEW YORK INTERMEDIATE MUNICIPAL FUND PORTFOLIO BY STATE

AND TERRITORY

(as a % of
Total
Investments)
California 86.1%
Florida 0.4
Guam 2.4
Illinois 0.4
Louisiana 0.4
Nevada 1.0
New
York 86.1
Pennsylvania 1.7
Puerto
Rico 2.6
Other 1.8
Total 100.0%

INTERMEDIATE MUNICIPAL FUND PORTFOLIO BY STATE
AND TERRITORY

(as a % of Total Investments)	
Alabama	1.8%
Arizona	5.1
California	17.3
Colorado	1.8
Connecticut	
District of Columbia	1.7
Florida	3.3
Guam	1.6
Hawaii	1.7
Illinois	10.9
Indiana	3.0
Iowa	3.4
Kansas	0.1
Kentucky	1.0*
Louisiana	1.9
Maine	0.5
Maryland	1.5
Massachusetts	
Michigan	1.5
Minnesota	1.5
Mississippi	1.1
Missouri	1.3
Nevada	1.3%
New Hampshire	0.6
New Jersey	3.4
New York	5.9
North Carolina	2.4
Ohio	0.7
Oregon	0.1
Pennsylvania	4.5
Puerto Rico	0.5
Rhode Island	1.2
South Carolina	1.3
Tennessee	1.2
Texas	5.3
Utah	1.3
Vermont	1.2
Virginia	0.4
Washington	2.4
West Virginia	0.3
Wisconsin	2.6
Other	0.9

Total	100.0%
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* Reflects an actual amount rounding to less than 0.1%.

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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 common shares on the NYSE MKT.
- 4** Please see "Description of Index" on page 6 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.

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 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.